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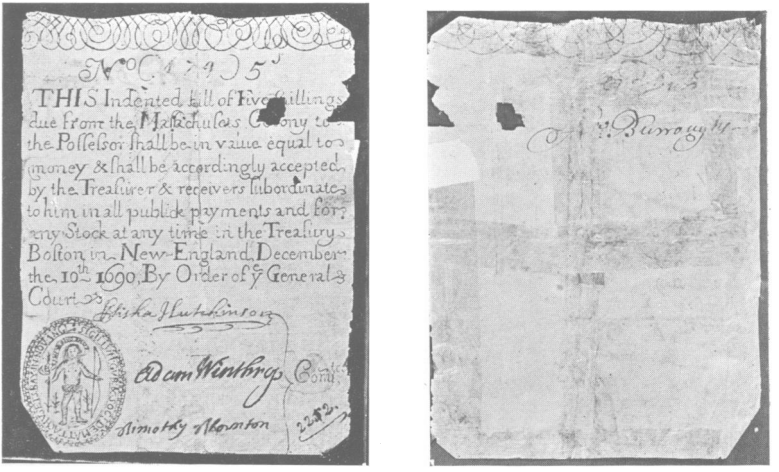
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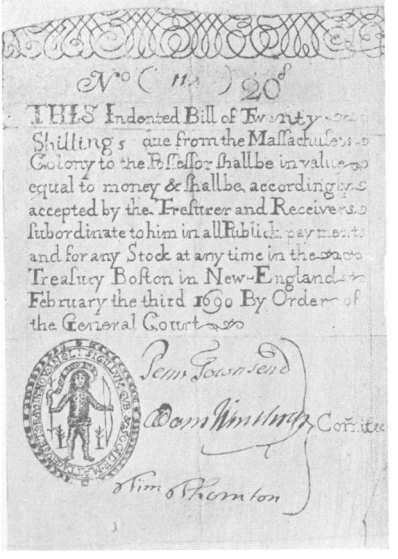
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Plate I.



5*s.* bill, Colony currency. Photographed by permission of the Essex Institute. Size, 4 in. x 5½ in. The indorsement shows that it was used in the days of the Province, under the provisions of the Act of July 5, 1692.



2*s.* 6*d.* bill, Colony currency, altered to 20*s.* Photographed by permission of the Massachusetts Historical Society. Size, 4 in. x 5½ in.

CHAPTER I.

THE COLONY BILLS. THE PROVINCE BILLS.

We are so thoroughly accustomed to the use of paper money that it is difficult to realize that a little over two centuries ago, when the Assembly of the Colony of the Massachusetts Bay first authorized the emission of bills of public credit, they were securing for themselves the right to claim that they were practically the pioneers in a great economic experiment. Writers upon the subject of money tell us that at that time China had already undergone a prolonged experience of the use of a representative paper currency, but in the condition of travel in the latter part of the seventeenth century no experiment in the Orient could have made any impression upon the financiers of Europe, still less was it possible that it could have had any effect in New England. Instances are alleged of the temporary use of paper money in Leyden in the sixteenth century, and in Cyprus at a still earlier date. Concerning these little is known now, perhaps nothing was known in England in 1700. In measuring the value of precedents which may have influenced our ancestors in their belief that they could sustain a paper currency based upon public credit, we ought only to consider such as could have been brought to their knowledge, and in estimating the value of any precedent, its publicity must be considered. The situation in 1690 was practically as follows: The banks upon the continent, whose experience furnished the men of that day with such knowledge of banking as they had at

their command, were banks of deposit. The merchant who left with them the degraded coin then in circulation received in return therefor an equivalent "bank credit" expressed in terms of the standard coinage adopted by the bank. He adjusted his settlements with his creditors by means of transfers of account, and these transfers were supposed to be made at the bank. The theoretical advantage of the bank credit to the merchant was to be found in the establishment of a value for his available funds in terms of standard coins, and in the avoidance of the expenses attendant upon the transportation of specie. Towards the end of the seventeenth century the claim was advanced that these bank deposits were also advantageous to the community because the use of money was thereby multiplied. This argument was based upon the beneficial results which were to be traced to the continental banks, the Bank of Amsterdam being the example most familiar to English writers. In the light of later developments we know that the theory that the deposits of that bank were kept intact was not well founded. The managers of the bank, relying upon the permanence of their custody, made use of the deposits, and it was through this use that the power of the deposited coin was increased. Contemporary writers on the subject of banking do not, as a rule, seem to have appreciated this fact. They looked for an increase of the power of money through its accumulation in the vaults of a bank, without seeking to explain why this should be. One author in the latter part of the seventeeth century plainly saw the weakness of this position, and in his argument in favor of a bank of deposit in London he pointed out that under proper guarantees the deposits thus gathered into the custody of a

bank might be utilized by the managers of the institution.[1]

The proposition to establish a bank of deposit did not carry with it any idea of making it a bank of issue nor of utilizing the deposits in any way. It is clear, however, that at an early date the custom of transferring "accounts in bank" by means of bills of exchange, money orders or checks, thus obviating the necessity of personal attendance at the counter of the bank, must have found its way into practice. This would of itself have furnished a form for the circulation of the bank credit in a limited way among merchants, which would have tended to familiarize them with the use of paper as a representative of money. The growth of practices of this sort is hinted at in the propositions for banks submitted in England during the seventeenth century and in the customs of the goldsmiths in London, where these tradesmen acted as the "cashkeepers" for the public. The fact that the London goldsmiths then furnished their customers with their individual notes, and that these notes had a certain field in which they were current, seems to be well established. It may be doubted, however, whether the founders of the Bank of England, in 1694, had before them any other well defined precedents upon which to base an opinion as to the probable success of paper-money, than were to be found in the ordinary mercantile bills of exchange, the goldsmiths' notes, and the bills of public credit of the Colony of the Massachusetts Bay. It is true that in addition to the cases already stated in which paper-money is said to

[1] Sir William Petty's Political arithmetick which was written in 1676, surreptitiously published in 1683, under the title of England's guide to industry [anon], and issued with the author's name in 1690, seven years after his death. See Economic writings of Petty vol. 1, p. 235–236.

have been used prior to this time, the claim has been advanced that an experiment in that line was made in Sweden in the middle of the seventeenth century; that at some period of its existence the Bank of Venice emitted bills, and that the Bank of Genoa had also done the same thing. So far as we can judge concerning the alleged paper-money of the Italian banks, it would seem as if the references to the supposed emissions of these banks must have been intended to apply to the paper of their customers, based upon their bank credits. If, however, it should prove that either of these claims is authentic, and if any knowledge thereof could be brought home to the founders of the Bank of England, the fact would still remain that the event made so little impression upon the history of the times that it would have to be classed among unsucessful experiments which were ephemeral in their nature. The one positive success in furnishing a people with paper money in the way of a circulating medium, knowledge of which was plainly accessible to English financiers, was to be found in the experience of the colony of the Massachusetts Bay. It is of interest, therefore, to trace the sources of knowledge or experience upon which the legislators of that colony could have founded an experiment so novel in its character.

The social and economic conditions under which it was made were widely different from those existing at that time in England. There were many in the colony still living, who remembered when all trade was conducted by barter, when corn was used for money, and when compulsory resort was had to wampum for a medium for trade and to bullets as a substitute for copper coin. An unsuccessful military expedition which had been undertaken in the fullest confidence that the

enemy would furnish the means to meet its expenses, left the colony saddled with debts of great magnitude, to meet which there was but an empty treasury. The government then in existence was provisional and of doubtful legality. If it had been permanent in form and of recognized legality, it is possible that the difficulty might have been overcome by a temporary loan from the people, although the amount required was so disproportionate in size to the circulating medium of the colony as to render that solution doubtful as a possibility. If we seek for the basis upon which the legislators built their hopes that the experimental use of the public credit as a circulating medium might succeed, we shall find that there was a certain knowledge of the use of individual credit for such purposes and that there had been more or less discussion of its application as a remedy for a supposed scarcity of the circulating medium, the proposed supply to be furnished by banks of issue. In an address to the crown, the statement is made officially that one of the reasons for establishing a mint in 1652 was because "for some years paper bills passed for payment of debts, wch were very subject to be lost, rent or counterfeited & other inconveniences."[1] It does not appear from the foregoing whether these "paper bills" were emitted by the colony or were based upon the credit of individuals, but as there is no record of any action having been taken by the General Court of the colony under which such bills were authorized it may be assumed that they were not public bills. We know that at a later date private bills were, for several years made use of to some extent in Portsmouth and also in what the writer upon whom we rely for the information terms the

[1] Mass. Arch., vol. 106, no. 336.

"Western English Plantations."[1] From various sources we know that the thoughts of the colonists were turned during this period towards the establishment of a bank which should furnish a currency based upon mortgages of land and pledges of merchandize, and one writer goes so far as to say that, in 1681 this plan was tested experimentally and bills were actually emitted. The pamphlet issued by this author[2] was published in 1682 and contains a proposal for a "fund of land" "in the nature of a money bank or merchandize lumber[3] to pass credit upon, by book entries; or bills of exchange, for great payments and change-bills for running cash." It is also set forth therein that "credit pass'd in the Fund, by book, and Bills, (as afore) will fully supply the defect of money." The author states that his attention had been called to the subject in 1649,[4] and he gives an account of the several attempts which were made to test the plan, winding up with a statement that an actual experiment was made to pass forth bills for some months, for he says "in 6 moneths a considerable number espoused the designe." Notwithstanding the positive assertion that bills were actually emitted in 1681 and that considerable numbers "espoused the designe" it must be inferred from the pamphlet itself that the experiment was but indifferently successful, for in submitting his plan for a bank to the public he states that it had never been tried.[5]

[1] Some considerations of the bills of credit now passing in New England. Boston, 1691.

[2] Severals relating to the fund, printed for divers reasons as may appear. [1682.]

[3] Lombard—from Lombard street, London.

[4] By William Potter, the author of The key of wealth, and The tradesman's jewell.

[5] The subject under consideration was discussed by J. Hammond

In 1686, an attempt was made to establish a bank in Boston which should issue, for circulation, bills the security for which was to be based upon pledges of personal property and mortgages of real estate.[1] The president of the council favored the project and several members of the council were interested in it. A printing press was bought, paper was purchased, plates were prepared and bills were actually struck off, but for some reason the experiment was at this stage abandoned.

Brief as was the career of this attempt to establish a bank of issue it must have attracted attention in local financial circles. The scheme was based upon a plan which we know to have been published two years at least before the colony emitted its currency, and, if we may accept contemporary testimony, the publication was in print two years before the projected bank of 1686 was organized.[2]

It may be inferred that the possibility of furnishing a representative paper substitute for the foreign coins which constituted the circulating medium in New England was a question which attracted much attention at

Trumbull in the Council Report of the Amer. Ant. Soc., Oct., 1884. This report was afterwards separately published under title of First essays at banking and the first paper money in New England.

[1] The proposal for a bank was submitted to the Council, September 27, 1686. Proc. Mass. Hist. Soc., November, 1899, p. 272. Order of Council passed Nov. 9, 1686. *Ibid.*, p. 277.

[2] This pamphlet was reprinted in Boston in 1714. The title of the reprint is: "A model for erecting a bank of credit, with a discourse in explanation thereof, adapted to the use of any trading country where there is a scarcity of moneys; more especially for His Majesties plantations in America. London, printed in the year 1688. Reprinted at Boston in New England in the year 1714." The 1688 edition is in some of our libraries, but Hutchinson says that the pamphlet was issued in 1684, History of Massachusetts, (ed. of 1795), vol. 2, p. 188, and the author of A brief account of the rise, progress and present state of the paper currency of New England, etc., etc., Boston, 1749, p. 5, corroborates this.

this period. It is however evident that when, in 1690, the assembly of the colony of the Massachusetts Bay proceeded to pay their debts with certificates which were emitted in such form that they could serve as a currency for the colony, they had but little knowledge upon which they could build an opinion as to whether paper money could be made to pass current among the people of the colony. By 1694, when the Bank of England was established, the success of the experiment was practically assured, and it may be that the example of the colony of the Massachusetts Bay had its influence upon the founders of the Bank of England.

The emission of the colony bills of public credit was inaugurated under the provisional government which held the reins after the downfall of Andros. The occasion for this step was the collapse of the expedition which set forth in the fall of 1690 under Sir William Phips with the expectation of capturing Quebec. Hutchinson says: "The government was utterly unprepared for the return of the forces. They seem to have presumed, not only upon success, but upon the enemy's treasure to bear the charge of the expedition. The soldiers were upon the point of mutiny for want of their wages. It was utterly impracticable to raise, in a few days such a sum of money as would be necessary."[1] Sewall says the bills of credit then issued were "not made for want of money, but for want of money in the treasury."[2]

I have already said that under other conditions a loan might have been effected and the crisis thus tided over. It was indeed the opinion of the General Court in November, 1690, before the members were brought to a

[1] History Massachusetts (ed. of 1795), vol. 1, p. 356.

[2] Sewall's Diary, vol. 2, Coll. Mass. Hist. Soc., 5th series, vol. 6, p. 366.

realizing sense of the full measure of their responsibilities, that a temporary loan adequate for the emergency, could be effected by a pledge of a part of the taxes for the year, combined with the customs dues, and a promise that the expected plunder from Quebec should be applied for the redemption of the loan. A committee was actually appointed to carry out this scheme, but the confidence in the success of the expedition, which led the General Court to pledge the anticipated plunder was apparently not shared by the capitalists of Boston, and the loan, so far as appears, was not negotiated. The time within which this could have been accomplished was but brief, for on the 19th of November Phips arrived at Boston, bearing the intelligence of his disastrous failure. The language used in the vote of the court defining the duties of this committee is not without value in its disclosure of the temper of the community at the time of its passage. It was as follows:

Major Elisha Hutchinson, Captain Samuel Sewall, Mr Peter Sergeant, Captain Penn Townshend, Captain Samuel Hayman, Mr James Taylor, Mr Nathanael Oliver, Captain Andrew Belcher, Captain Samuel Legg, and Mr John Clarke are desired forthwith to use their endeavours to procure the sume of three or Four thousand pounds in money upon Loan for the present paying off the Seamen and Souldiers at their Return from Canada, and for other Emergencies, upon the publique Credit; and this Court do hereby Engage half the publique Rates now agreed to be made & Levyed, and the Countrys part of all such Plunder as they shall recover from the Enemy at Canada &ra and bring home with them; And all moneys ariseing upon Impost, as Security to such Gentlemen who shall advance money on that Accompt until they be fully repaid. And the above named Gentlemen are appointed a Committee to receive the Countrys part of plunder into their hands and make sale thereof to the most advantage, Rendring an Accompt of the produce of the same to the Genll Court.

Novembr 7th 1690 past in ye affirmative pr ye Deputies
John Clark Cler.

Consentd to by the Govr and Assistants
Isa Addington Secry[1]

[1] Mass. Arch., vol. 36, no. 221.

The loan having become impossible through lack of plunder to pledge, and payment of the debts being even more urgent in consequence of the situation of affairs, some other method of meeting the depletion of the treasury referred to by Sewall had to be devised. The emission of bills in the form of certificates of indebtedness to the possessor on the part of the government was the solution of the question which was adopted. These bills were by their terms receivable at the treasury in payment of government dues. They were originally put forth in anticipation of taxes, and provision in the tax levy was made each year for calling them in promptly. A part only of these notes was destroyed on their return to the treasury. Those remaining in the treasurer's hands were made use of at a later date by the province as a currency, the connection of the provincial government with their emission being indicated by the endorsement of the treasurer of the province. The currency emitted in 1690 was generally spoken of as Colony or Old Charter bills.

The order of the General Court authorizing the original issue sets forth the motives which prompted the legislators to take this step. It was passed at a court sitting in Boston "by adjournment, December 10th, 1690," and is in the following language:

"Whereas (for the maintaining and defending of their Majesties interests against the hostile invasions of their French and Indian enemies who have begun and are combined in the prosecution of a Bloody war upon the English of their Majesties Colonys and plantations of New England) this Colony hath necessarily contracted sundry considerable debts, which this Court taking into consideration and being desirous to approve themselves Just and honest in the discharge of the same and that every person who hath credit with the country for the use of any of his estate, disbursements, or service done for the Public, may in convenient time receive due and equal satisfaction; withal considering the present poverty and calamities of the country And (through scarcity of money) the want of an adequate measure of

Commerce, whereby they are disadvantaged in making present payment as desired; Yet being willing to settle and adjust the accompts of the said debts, and to make payment thereof, with what speed they can

It is ordered by this Court that Major Elisha Hutchinson, Major John Phillips, Captain Penn Townsend, Mr Adam Winthrop and Mr Timothy Thornton or any three of them, be and are hereby appointed and impowered a Committee for the granting forth of Printed Bills in such forms as is agreed upon by this Court (none under five shillings nor exceeding five pounds in one bill) unto all such persons who shall desire the same, to whom the Colony is indebted, for such sum or sums of money as they shall have debentures from the Committee, or Committees that are or shall be appointed to give out the same, Every of which Bills according to the sums therein expressed shall be of equal Value with money, and the Treasurer and all the Receivers subordinate to him shall accept, and receive the same accordingly in all Publick Payments; No more of Said Bills, to be Printed or granted forth than for the Sum of Seven thousand Pounds; And the Colony is hereby engaged to Satisfy the Value of Said Bills as the Treasury shall be enabled, And any person having of Said Bills in his Hands, may Accordingly return the same to the Treasurer, and shall receive the full Sum thereof in Money, or other Public Stock at the Money Price as Stated for that time And if any of said Bills be worn in any Persons hands, so as they desire to renew them, returning them to the Committee, they shall have new ones of the same numbers and sums given out.

The forme of the Bill agreed upon

N° 20s

Indentment.

N° () 20s

This Indented Bill of Twenty shillings due from the Massachusetts Colony to the Possessor shall be in Value equal to Money and shall be Accordingly Accepted by the Treasurer, and Receivers subordinate to him in all Publick Payments, and for any stock at any time in the Treasury Boston in New England Decem[r] 10th 1690.

By Order of the General Court

{ Locus Sigilli } } Committee" [1]

[1] Mass. Court Rec., vol. 6, pp. 170, 171, under date of Dec. 10. These volumes are referred to by Abner C. Goodell in his edition of the Province Laws as "Council Records." It will probably produce less confusion to refer to them by the title under which they are classified at the State House. A form of the bill, bearing an endorsement that

The seven thousand pounds limit was removed in February, 1690–91. The cause for the removal is set forth in the following order which was passed at that time:

"Whereas the Committee appointed for the granting out of Bills of Credit (in the form agreed upon by this Court at their session in December last past) for the Publick debts, necessarily contracted by this Colony in the maintenance and defence of their Majesties Interests, against the Hostile Invasions of their French and Indian Enemies, were Limited to a Certain Sume, which is found to be far short of what is absolutely necessary.

It's therefore Ordered that the said Committee do in like manner Proceed to the Printing and giving forth of said Bills to all Persons desiring the same who shall Produce and deliver unto them, a debenture or debentures from the Committee or Committees that are or shall be thereunto appointed, or shall Produce an Order of this Court, or of the Governour and Councill for the full sume expressed in such debenture, or Order, every of wch Bills of the sume of Twenty Shillings shall be accepted in all Publick Payments by the Treasurer and all Constables or other receivers subordinate to the Treasurer in Lieu of Money, at Twenty-one shillings and so proportionately for all Bills of greater or Lesser Sums (no one Bill to be for a Less sum than two shillings, nor exceeding the sum of ten pounds) And the Select Men of each Town may send the Debentures Of the several Persons in their Towns to the said Committee by some meet Person who shall receive bills for the same to be delivered to the said Selectmen, and by them given out to the Persons to whom they are due. And the Colony hereby stands engaged to satisfy the Value of the said Bills as the Treasury shall be enabled; And any Person having of Said Bills in his Hands returning the same to the Treasurer shall accordingly receive the Just Sum exprest in said Bills in money or other Public Stock at the Money Price as Stated at that time."[1]

it was approved Dec. 23, 1690, is to be found in Mass. Arch., vol. 36, no. 260. No. 261, in the same volume, is a copy of the act of emission, on which there is an endorsement that it was passed by the Governor and Assistants, Dec. 23, and by the Deputies, Dec. 24. It appears by this draft that the committee contemplated that enough bills should be emitted to settle the debts of the Colony, but the act was amended while under consideration and a limit of £7,000 set. The text of the act is to be found in Second part of south sea stock, pp. 3 and 4.

[1] Mass. Arch., vol. 36, no. 383. Given also in Second part of South Sea stock," etc., p. 5. The bills bore date either December 10th or February 3d. There is one in the Essex Institute dated

On the 21st of May, 1691, an order was passed setting a limit of £40,000 to the emission. It was in the following language:

"Ordered That the Bills of Publick Credit already given, and to be given out for Adjusting Country debts shall not exceed the Sum of Forty thousand Pounds which is supposed will amount to the full of what the Country is indebted and will probably be Called in again by the rates already granted, And that Mr John Foster, Capt Joseph Lynde and Capt Samuel Ruggles be, and are hereby appointed a Committee to call in and take into safe custody the Plates which the Bills were printed off with And to examine what Bills are still resting in the Committees hands not given forth, Also to examine what Sum in the Said Bills are already drawn into the Treasury and to direct that the Country have credit in the Treasurers Books for that Sum and so to dispose of, and secure those Bills as there may be no Danger of their Coming forth again into any private hands.[1]

The following is a contemporary description of the government bills, of the basis upon which they circulated, and of the manner in which they were retired: "What is the use of *Coyned Silver?* but to furnish a man with *Credit*, that he may obtain from his Neighbours those Commodities, which he hath occasion for? The Country in *General Court*, have *Recognized* or *Acknowledged*, a Debt of so many thousand pounds unto them that have been the servants of the Publick. The *Credit* conveyed by the Bills now *Circulates* from one hand to another as mens dealings are, until the *Publick Taxes* call for it. It is then brought in to the Treasurers hands, from which it goes not out again.

December 10th. The Massachusetts Historical Society has one dated February 3d. The latter purports to be for 20*s*, but it appears from a certificate of one Jeremiah Allen, given in 1703, that there were no 20*s* bills in the February Emission. It must be an altered bill, the original being for 2*s* 6*d*. See Acts and Res. Prov. Mass. Bay, vol. 8, p. 289.

[1] Mass. Court Rec., vol. 6, p. 185. Oct. 16, 1691, the committee reported that they had burned bills amounting to £10,119 9*s*. *Ibid.*, p. 201.

Now the *Conveniences* which the servants of the Publick, have had by them, have honestly paid the Countries Debts; and what could *coyned Silver* have done more?"[1] The statement that "the note goes not out again" was perhaps true in 1691, but it could not have been applied after 1692, except with the qualifying phrase, unless by authority of the General Court. The question whether the province, as a matter of economy used the same colony notes over and over again was of no consequence, provided the use thus made was in accordance with the authorization of the General Court.

If we assume that the entire £40,000 authorized May 21, 1691, were issued,[2] there were put forth of these Old Charter bills, in the various issues and re-issues of the colony and province, £82,000, independent of bills

[1] Some additional considerations addressed unto the worshipful Elisha Hutchinson Esq. by a gentleman that had not seen the foregoing letter. Boston, 1691. "The foregoing letter" referred to in this title, was a tract entitled Some considerations on the bills of credit now passing in New England, addressed unto the worshipful John Philips Esq. etc. [Boston, 1691.] The two pamphlets were published together and are fully described by the late J. Hammond Trumbull in the Council Report of the Amer. Ant. Soc., October, 1884. In this report there is also a full description of a rare tract entitled Severals relating to the fund, printed for divers reasons as may appear, [1682], in which attempts to found banks of emission in 1671 and 1681 are described.

[2] This would appear to have been actually done. A committee was appointed December 13, 1693, to inquire into and examine how the forty thousand pounds in Bills of Credit emitted by the late Colony were disposed of and paid out. Acts and Res. Prov. Mass. Bay, vol. 7, p. 36. "Anno 1692, when the old charter expired, a tax of 10*s* poll and a rate of 30*s* upon every £100 of principal estate was computed to raise £30,000, value equal to proclamation money." A summary, historical and political, etc., etc., by William Douglass, M. D. Boston, 1755, vol. 1, p. 434. Shirley said in a speech Nov. 29, 1744, that this tax amounted to £40,000, silver being then 6*s* 10*d* per oz. See House Jour. Mass. Bay. Douglass was correct; the tax was for £30,000.

borrowed by the government,[1] which probably had the same effect as emissions.

Provision was made in each case for a tax which should furnish the means for the prompt retirement of the bills emitted. When the government first offered these bills to creditors in place of coin, they were received with distrust. It was while this distrust prevailed that the authors of the pamphlet from which I have quoted appealed to the public to maintain them, pointing out, as has already been seen, that they were better than notes based upon individual credits which had been current in sections of the country, and asking wherein was the superiority of silver coin in the performance of the various functions assigned to the notes. Cotton Mather sets forth the deleterious effects of this distrust and shows how valuable the bills might have been to the government if cordially received. He then asserts that their circulating value was at first impaired from twenty to thirty per cent.

"Had the government been so settled, that there had not been any doubt of any obstruction, or diversion to be given to the prosecution of the tax-act, by a total change of affairs, then depending at White-Hall, 'tis very certain that the bills of credit had been better than so much ready silver; yea, the invention had been of more use to the New Englanders, than if all their copper mines had been opened, or the mountains of Peru had been removed into these parts of America. The Massa-

[1] The province at first evidently thought it could get along without emitting the colony bills. It resorted to the expedient of borrowing from individuals. Traces of the steps taken are to be found in the legislation. See Acts and Res. Prov. Mass. Bay, vol. 1, p. 27; preamble, Ch. 2, Laws 1692–93, *Ibid.*, p. 141; preamble to § 6, Ch. 8, Laws 1693–94. Report to Lords of Committee of Privy Council, Feb. 9, 1736–37. Mass. Arch., vol. 20, no. 277.

chusetts bills of credit had been like bank bills of Venice, where, though there were not, perhaps, a ducat of money in the bank, yet the bills were esteemed more than twenty per cent. better than money among the body of the people, in all their dealings. But many people being afraid that the government would in half a year be so overturned as to convert their bills of credit altogether into *waste paper*, the *credit* of them was thereby very much impaired; and they who first received them could make them yield little more than fourteen or sixteen shillings in the pound; . . ."[1] An officer who accompanied the expedition wrote in reference to these bills as follows: "But they will not pass in trade between man and man, nor can these poor soldiers and seamen get anything for them to above half their value, they being only used to pay rates with."[2]

Another writer intimates that many of those who received the bills hastened to get rid of them at such a disadvantage that their value was reduced to twelve or thirteen shillings on the pound. What a great loss it was," he says, "to those poor men who ventured their lives in the expedition! They were forced to buy such goods as its likely they had hardly any need of, to get rid of their new coyn'd money. And what they bought was so to their disadvantage that they put off their bills at twelve or thirteen shillings on the pound."[3] If it be true that the market value of the bills was affected by

[1] Mather's Magnalia,—Hartford Reprint, vol. 1, p. 191.

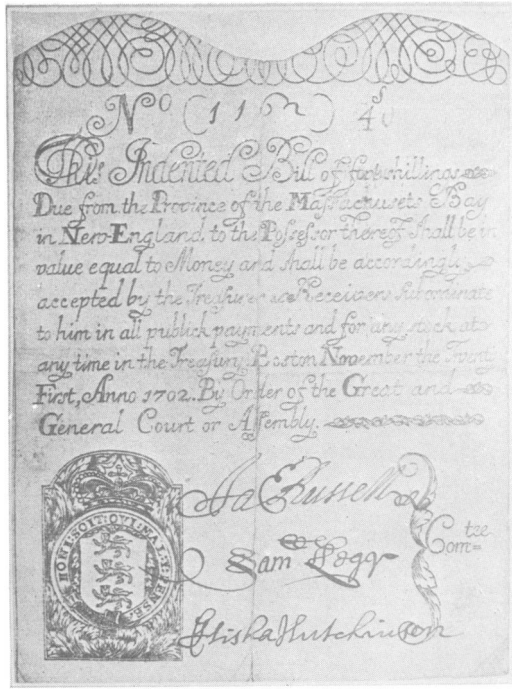
[2] An account of the late action of the New-Englanders, under the command of Sir William Phips against the French at Canada, sent in a letter from Major Thomas Savage at Boston in New England, (who was present at the action) to his brother Mr. Perez Savage in London, etc.. etc., London, 1691. Extracts from this are printed in Coll. Mass. Hist. Soc., 2d series, vol. 3, p. 260.

[3] Second part of South Sea stock etc., p. 6.

PLATE 2.



5*s*. bill. First series of old tenor, 1702, altered to 10*s*. Photographed by permission of the Massachusetts Historical Society. Size, 4 in. x 5½ in.



5*s*. bill. First series of old tenor, 1702, altered to 40*s*. Original in the Chamberlain collection, Boston Public Library. Photographed by permission of the late Hon. Mellen Chamberlain.

the causes at which the writer seems to hint, it will be seen that this was only temporary, as the bills soon became current at par.

There was, however, an element of uncertainty as to the approval of the acts of the provisional government by their successors which must, as Cotton Mather says, at first have affected their credit, and it may also be doubted whether any weak government could have floated £40,000 in bills of credit, and precipitated them on the community in the manner in which the first of these notes were issued, without raising some doubts as to their value in the minds of those who were compelled to receive them. It may be assumed that the hesitation on the part of the public to accept the bills as a substitute for coin influenced the General Court in its decision to attach to the act of emission of February 3, 1690-91, the clause pledging the government to receive them in payment of dues at a premium of five per cent., a precedent which fastened itself as a custom upon the annual legislation in this regard, from the consequences of which the court was unable to take steps to free itself until 1720. Mather is authority for the statement that the Boston merchants also came to the rescue, offering to take the bills in payment for goods at reasonable rates, and that Gen. Phips "cheerfully laid down a considerable quantity of ready money for an equivalent parcel of them." [1]

After the organization of the province under the charter, one of the first steps taken was to pass an act to the effect that the bills of the late colony should "pass current within this province in all payments equivalent to money". In public payments they were to be received with an advance of five per cent., follow-

[1] Mather's Magnalia, Hartford reprint, vol. 1, p. 192.

ing in this regard the precedent set by the act of February 3, 1690–91, heretofore quoted. Possessors of bills who would loan them to the government were to be secured by public taxes and were to be reimbursed out of the taxes within twelve months. This act is divided into two sections. The first makes all bills current, while the second confers this function only upon such of the bills as should be loaned to the government and imposes restraints upon the currency of all others. In December of the same year (1692), the disability imposed upon a part of the bills by the limitation in the second section of the act was removed.[1]

This trifling with the credit of the bills would seem to have justified the distrust which led to their depreciation. When, however, the complete recognition of the bills was effected by the new government and it was realized that no effort was being made to circulate more of them than was required to meet the immediate necessities of the situation, and further, that no attempt was made to postpone the period when they should be called in, they were accepted with confidence by the entire community. Public sentiment, also, came to the relief of the bills at this time. The town of Boston voted, May 12, 1702, that the province bills of credit should be accepted in payment of the town rates. At the town meeting held in Boston, January 18, 1702–3, the question was submitted "whether the new bills of credit, now to be used in public payments of the Province, shall be taken and accepted by the town treasurer in payments of the town rate at the advance and after the rate of five per cent. more than the value

[1] Acts and Res. Prov. Mass. Bay, vol. 1, p. 36, chap. 7, Laws 1692–93 and p. 95, chap. 41, Laws 1692–93.

therein expressed, and the same to pass out in payments at their expressed value without the said advance, according to the practice of the province treasury," and it passed in the affirmative.[1] Thus Boston actually assumed the five per cent. offered by the province as an inducement for the currency of the bills.

It may be inferred that the five per cent. premium at which the government received the notes greatly aided in producing this result. Whether this was so or not, so long as the government was conservative in the amounts which were issued and complied with the provisions which were made at the time of the several issues for the prompt retirement of the bills through taxation, they continued to circulate at par.

Meantime the emission of government bills, which originally contemplated only the furnishing of a temporary expedient had gone on from year to year, the amount annually issued being controlled by the necessities of the government. From motives of economy or policy, probably the latter, the province continued to use the colony bills and did not adopt a form of its own until 1702. It was apparently thought at one time that use might be made of the plates prepared for the colony bills to furnish a new emission, and an order was actually carried through the house of representatives for printing a new supply of bills, certain individuals being designated to sign them in behalf of the colony. The evident impropriety of such action led to the rejection of this order by the council,[2] and naturally led to the preparation of new plates, in which such changes of phraseology only were made

[1] Boston Town Records, vol. 8, pp. 24, 25.

[2] Mass. Arch., vol. 101, no. 209.

as were required by the new form of government.[1] Each bill was a certificate of indebtedness from the province and contained a provision that it should be accepted as so much money in public payments. Current expenses were met by the emission of bills and for the retirement of these bills future taxes were pledged; but as the emergencies of the government enlarged and the issues needed to meet them increased, the designated tax levies through which they could be returned to the treasury were postponed from year to year. By 1714, the income of the province from taxation was pledged, either wholly or in part, each year for six years, so that the issue then made was not to be called in by taxation until 1720. Inasmuch as some of the bills could not be received by the province for several years to come, it was natural that all should feel the effects of this discredit. This fact alone would have caused them to depreciate, even if the amount then in circulation had been properly proportioned to the needs of the community. The province bills and the bills of the neighboring governments in circulation in the province had by that time driven all

[1] Form of the Bill.

No. () 20^{sh}

This indented bill of twenty shillings due from the province of the Massachusetts Bay, in New England, to the possessor thereof, shall be in value equal to money; and shall be accordingly accepted by the treasurer and receivers subordinate to him, in all publick payments, and for any stock at any time in the treasury.

Boston, November the twenty-first, *anno* 1702. By order of the Great and General Court or Assembly

I. R.
E. H. } *Committee.*
N. B.

Acts and Res. Prov. Mass Bay, vol. 1, p. 503.

Felt makes the extraordinary statement that these bills were "to have interest paid on them of five per cent a year". This may be his way of referring to the fact that they were to be received in public payments at five per cent advance.

the gold and silver out of circulation and much of it out of the province. Silver and sterling exchange had consequently risen twenty and one half per cent. The depreciation and distrust of the bills were sufficient to impair their efficacy, and to cause a clamor for relief. The withdrawal of the silver from circulation made the country dependent upon the bills of public credit for a medium of trade, a large part of which was subject to to be called in each year. The retirement of a large proportion of the circulating medium through annual taxation, regularly produced a stringency from which the legislature sought relief through postponement of the retirements. If the bills were not called in according to the terms of the acts of issue, public faith in them would lessen, if called in there would be a disturbance of the currency. On these points there was a permanent disagreement between the governor and the representatives, discussions concerning which reveal themselves in 1715 and traces of which are frequently found after that date. "About this time", says a pamphleteer, writing about 1720, but referring to 1714, "the silver being pretty well drained from the country the bills outstanding on the former fund, continually going in to the treasury, in order to be sunk, it was contrived to alter the fund, and put off the payment for a longer time by lessening the tax about one half. This being not a sufficient stop it was brought to about a quarter part—and I think continues therabouts to this day."[1]

Another remedy was supposed to be more paper money, and pressure was brought to bear upon the General Court to secure the incorporation of a bank of issue, the circulation of whose bills would, it was thought,

[1] Second part of South Sea stock, p. 8.

contribute relief to the situation. The promoters reprinted a London pamphlet which, according to the date given upon the title-page of the reprint, was originally printed in 1688, in which a scheme for a bank of issue was set forth in great detail.[1] The preface of the reprint describes its contents as a scheme for a bank of credit founded upon land security. The enemies of the scheme succeeded in defeating it by emitting province bills to be loaned upon real security,[2] but the contest then provoked produced much ill will in the province.[3] A study of the pamphlet then issued discloses the fact that the scheme is similar to one submitted to the council in 1686 by John Blackwell.[4] This latter project was favorably received by the council and was carried forward even to the preparation of the bills for issue, but was not allowed to go beyond that point.

The projectors of the private bank in 1714, not only reprinted this pamphlet bearing date 1688, but they prepared a separate scheme of their own which they termed a projection for a bank of credit founded on land security.[5] The presentation of the petition of the projectors for incorporation produced considerable discussion,

[1] A Model, etc. For full title see note on p. 7.

[2] See post pp. 56, 57.

[3] Hutchinson's History of Massachusetts (ed. of 1795), vol. 2, p. 189.

[4] There can be no reasonable doubt that the promoters of the scheme of 1686 had before them, in some form or other, the project said to have been published in London in 1688. Hutchinson says the bank of 1714 was based upon a project published in London in 1684. There may have been two editions of the pamphlet. For details of these two projections, the reader is referred to a paper published in the *Quarterly Journal of Economics*, vol. 11, October, 1896, January, 1897. It is also fully developed in the second part of this work, which is devoted to banking.

[5] A projection for erecting a bank of credit in Boston, New England, founded on land security, printed in the year 1714.

in which the public to some extent participated, through the various pamphlets then published by the disputants.[1]

[1] Objections to the bank of credit lately projected at Boston. Being a letter upon that occasion to John Burril, Esq., speaker of the House of Representatives for the Province of the Massachusetts Bay in New England. Boston, 1714.

A Letter from one in Boston to his friends in the country, in answer to a letter directed to John Burril. . . . Printed in the year 1714.

A Vindication of the bank of credit projected in Boston from the aspersions of Paul Dudley, Esq., in a letter by him directed to John Burril, Esqr., late Speaker. . . . Printed in the year 1714.

CHAPTER II.

THE MASSACHUSETTS COINAGE, PROCLAMATION MONEY AND LAWFUL MONEY.[1]

At some stage in this discussion it is essential that the fact should be stated that the pounds, shillings and pence with which we are dealing do not have the same value as those which are called sterling. It is also important that something should be said concerning "proclamation money", a term to be met with in contemporary publications, and "lawful money," a phrase which is to be found in the supply bills, tax acts and in all legislation of a similar character in Massachusetts during this period. We have already reached a point where the understanding of these terms is imperative if one would comprehend contemporary literature, and in order that the subject may be completely covered it is perhaps desirable also to review the legislation in connection with the Massachusetts coinage. In seeking for the sterling value of these coins we naturally turn to the act establishing a mint but at the outset we meet with difficulties since the clauses of the act in which the values are defined are held to be irreconcileable.[2] According to the terms of that act the new coins were to be of the just alloy of new, sterling, English money; and for value to be two pence in a shilling of lesser value than

[1] A paper treating of these topics was read by me before the American Academy of Arts and Sciences, February, 1898. This chapter is based upon a part of that paper. See Proc. Amer. Acad., Arts and Sc. vol. 33, no. 12; February, 1898.

[2] Rev. Edward E. Hale, in a note to The Diaries of John Hull, Trans. and Coll. Amer. Ant. Soc., vol. 3, p. 284. The coin shilling, etc., by Prof. W. G. Sumner, *Yale Review*, Nov., 1898, p. 251.

the corresponding English Coins.[1] The shilling was to weigh three pennyweights Troy weight. The new coins were declared to be the current money of the colony, and no other money was admitted to this privilege except English. The effect of this limitation was to a certain extent compromised by the addition of the clause "except the receivers consent thereunto."[2] The actual value of the shilling was stated by Randolph in 1676 to be 9*d* 1*f*., 22.5 per cent. below the English shilling.[3] This value was adopted by the officers of the London mint in a report in January, 1684–85[4] and further appears to be acceptable to Prof. W. G. Sumner[5] who has made a study of this subject, and who states that the value of this shilling was 77.5 per cent. of the English shilling.

In circulation it appears to have been valued almost at once at ninepence, for in 1654 we find a statement which seems to mean that it was exported at that rate, and of course it would not have been withdrawn for that purpose at a loss.[6] In the statement of a Board of Commissioners in 1655,[7] and also among the complaints against Massachusetts in 1661, we find a recognition of

[1] A heliotype of the original draft of the act is given by Crosby. It shows that the phrase was originally written "three pence in a shilling of lesser value". The early coins of America and the laws governing their issue, etc., etc., by Sylvester S. Crosby, Boston, 1875. The heliotype faces page 34.

[2] Mass. Colonial Rec., vol. 3, pp. 261–262.

[3] Hutchinson's Collection of Papers, p. 480.

[4] Mass. Arch., vol. 100, no. 350.

[5] The coin shilling, *Yale Review*, Nov., 1898, p. 252.

[6] "Whereas the end of coyning money within this commonwealth is for the more easy managing the trafique thereof within itself and not intended to make retournes to other Countries which can not advance any profit to such as send it but rather a fowerth part losse. . ." Mass. Arch., vol. 100, no. 46.

[7] Thirteenth report Hist. MSS. Com. appendix, part 2, p. 94.

the same value.[1] In the fall of 1686 there was a discussion in England about the re-establishment of the mint in Boston. In the reasons for the mint which were submitted, the shilling was stated to be worth "nine pence farthing", while in the answer to these reasons the value is given "at 9^{d} for a shilling (w^{ch} is about 25 per cent less than the money of England)".[2]

Douglass, who was fairly conversant with the history of the coinage, tells the story in the following words:

[1] "They [the Massachusetts Bay] have allowed the King's coin to be bought and melted down in Boston to be new coined there, by which means they gain three pence in every shilling, and lessen his Majesty's coin a full fourth." Cal. state papers, colonial Amer. and W. I., 1661–1668, p. 26. no. 78. 1661? "Sir Thomas Modyford to Sec. Sir Henry Bennett recommends for Jamaica that power be given for making a coin of the alloy and weight of that of New England, about 10*d* to the English shilling." *Ibid.*, p. 208, No. 739, 1664.

A captain who was in New England in 1673 reported to the Board of Trade in 1675, that "as soon as any English money is brought there it is melted down into their coin, making of each shilling fifteen pence, to keep it from being carried out." A narrative of the settlement of the Corporation of Massachusetts Bay and Capt. Wyborne's account of things in 1673, read at a meeting of the Committee for Trade and Plantations, December 1, 1675. Cal. state papers, colonial-Amer. and W. I., 1675–1676, p. 306, no. 721.

No. 405 in the same volume is from a small manuscript volume, one of Sir Joseph Williamson's note books. In 1675, "they melt down all English money brought in there into their own coin, making every shilling 15*d* to avoid carrying it out." See p. 156.

Aug. 9, 1681, Lord Culpepper reported to the Lords of Trade and Plantations concerning the New England coinage. He said the shilling "is not so fine in itself, and weighs but three penny weight against the English four. . . . If therefore it be no longer connived at, it is absolutely necessary that the English shilling be made current there by law or proclamation at sixteen pence, and so proportionally, and coinage made more moderate and speedy." Cal. state papers, Colonial Amer. and W. I., 1681–1685, p. 100, no. 200.

[2] Copies of these documents were obtained from the Colonial Entry Book, vol. 61, and were printed by Crosby in The early coins of America, pp. 91–94.

"At the first settling of the New England colonies their medium was sterling coin at sterling value and barter. When they got into trade a heavy piece of eight passed at 5*s*. A. 1652 they proceeded to coin silver shillings, sixpences and threepences at the rate of 6*s* to a heavy piece of eight."[1] Elsewhere Douglass gives the sterling value of the piece of eight at 4*s* 6*d*,[2] thus enabling us to deduce the value of the shilling, from his quotations, at ninepence.

In a note to the Diaries of John Hull[3] Rev. Edward E. Hale endeavors to explain the discrepancies in the valuation of the shilling by the allowance for seigniorage. Professor Sumner seems to attribute the trouble to an erroneous estimate of the London value of silver. "The English mint price for silver," he says,[4] "after 1601 was 5*s*. 2*d* per ounce, but it seems to have been believed in Massachusets that it was still five shillings," and again[5] "The intention was to put the New England standard 25 per cent. below the English, supposing that the latter was 96 grains for a shilling.[6] In fact it was 92.9 grains,[7] so that a shilling of 72 grains was 77.5 per cent. of it." He also points out, however, that the mint charges were such that no person could have afforded to take silver to the mint for coinage unless the effective shilling in the market had been tenpence.[8]

[1] A discourse concerning the currencies of the British plantations in America, etc., p. 10. In addition to the above coins, silver twopences were authorized in 1662. Mass. Colonial Rec., vol. 4, part 2, pp. 51, 52.

[2] *Ibid.*, p. 8.

[3] Trans. and Coll. Amer. Ant. Soc., vol. 3, p. 284.

[4] The Coin Shilling, *Yale Review*, Nov. 1898, p. 247.

[5] *Ibid.*, p. 252.

[6] *I. e.*, silver at 5*s*.

[7] *I. e.*, silver at 5*s*. 2*d*.

[8] The coin shilling, *Yale Review*, Nov., 1898, p. 253, note.

The opinion prevailed at that time that by rating silver coins above their value they would be retained within the limits of the jurisdiction where this enhanced value was recognized. It was probably because of sympathy with this notion that the General Court enacted, June 14, 1642, that the piece of eight should circulate at the value of 4*s.* 8*d.*,[1] and again on the 29th of September of the same year increased the nominal rate to 5*s.*[2] Douglass says that this coin not only passed within the limits of the colony at five shillings in early days, but was actually remitted to Great Britain on that basis.[3]

The mint was established in the hope of retaining a uniform metallic currency in the colony. It was soon evident however that it was only partially successful in the performance of the expected work, and in May 1654, in the abortive act, the preamble of which has been alluded to,[4] it was proposed by the magistrates to order and enact "that whatever person or persons be they stranngers or Inhabitants that shall directly or Indirectly export out of this Jurisdiccon any of the coine of this countrie after the publication hereof shall forfeite his or their whole estate one halfe to the countrie and the other halfe to such pson or psons as shall sue for the same." It was also provided in the proposed act that there should be a "Water Bayly or searcher" appointed "in every port-towne" who was to be empowered to "search any suspitious persons or vessells, chests,

[1] Mass. Colonial Rec., vol. 2, p. 20. This was before the mint had been established, and was, of course, a sterling value.

[2] Mass. Colonial Rec., vol. 2, p. 29. Also sterling, for the same reasons.

[3] A discourse, etc., p. 8. See also Observations occasioned by reading a pamphlet entitled A discourse concerning the currencies of the British plantations in America, p. 12.

[4] See ante, p. 25, note.

truncks or any other things." If he should discover any money and the county court should determine that it was about to be transported then it was to be forfeited one half to the officer and one half to the country. Similar powers of search were granted, in the case of persons travelling by land, to constables. For some reason the deputies rejected this act, but in August of the same year a law was passed against the exportation of New England coin, and searchers were appointed to examine outgoing baggage,[1] and if they should find any money they were ordered to seize the same. In May, 1669, a larger force of searchers was appointed and they were endowed with extraordinary powers. It was their duty to examine outgoing vessels which had weighed anchor with the intention of leaving our waters, and they were instructed to search the "pocket, cloake, bag, portmantle or any other thing belonging" to such persons as were on their journey out of the jurisdiction on horseback. They were to seize all money "of the coin of this jurisdiction" which they should find, and were invested with power to break open packages and examine personal effects.[2] Notwith-

[1] Mass. Colonial Rec., vol. 3, pp. 353, 354; vol. 4, part i, p. 198; Colonial Laws, 1660, Whitmore's ed., p. 182. This act was directed exclusively against the export of money coined within the jurisdiction of the colony. The order to the searchers that in case they should find any money they were to seize the same was misleading. The money which the searchers were to seize must have been only money of the Massachusetts coinage. The division was one-third and two-thirds.

[2] Mass. Colonial Rec., vol. 4, pt 2, p. 421; Colonial Laws, Whitmore's ed., 1660, p. 261 e; 1672, p. 118. The passage of this act was followed in June of the same year by a proposition to legalize the passage of pieces of eight, at 6*s* if of full weight and sterling alloy. A crude scheme was outlined for the submission of all pieces of eight then in circulation, to the inspection of some suitable person, who was to put a stamp or mark on such as were entitled to pass at this value. Unless the coins should be stamped, their circulation was not to be compulsory. The proposed law met with the disapproval of the magistrates. Mass. Arch., vol. 100, no. 136.

standing these arbitrary proceedings, there was a scarcity of silver in the country, and in October, 1672, the General Court prefaced an act legalizing the currency of pieces of eight, with a preamble in which it was stated that these coins were of more value to carry out of the country than they would yield at the mint, and, what was of more consequence, that they were actually being carried out of the country instead of being taken to the mint. To prevent this, it was ordered that pieces of eight, of full weight and good silver, Mexico, Seville, and Pillar, should pass current at six shillings, after they had been duly stamped at the mint with the letters N. E. to indicate that they had been inspected. Light weight pieces of eight were to be stamped with their actual weight, and to pass for a proportionate value.[1]

The act of October, 1672, is the first point at which we obtain a legal rating of the piece of eight in New England money. It seems probable that this legislation was the result of two circumstances: first, that the piece of eight having a recognized rate in shillings at which it would pass, people could and did avail themselves of it as a medium of trade without paying seigniorage at the mint for its conversion into New England money; and second that the General Court was desirous of protecting the public against the light weight pieces if possible. So far as this latter reason may have had influence in promoting this legislation, it is evident that it produced little result, for in May, 1682,[2] the General Court authorized the currency of

[1] Mass. Colonial Rec., vol. 4, pt 2, p. 533.

[2] Between 1672 and 1682, there were numerous propositions submitted to the General Court looking towards relief through raising the money, lightening the coins, or making the mint free. A plan, suggesting each of these alternatives, was presented June 2, 1677. Mass. Arch., vol. 100, no. 222. On the 31st of October, 1679, it was

light weight pieces of eight according to their weight, and in October of the same year added by way of explanation that they were to be received at six shillings eight pence per ounce Troy weight.[1] Under the Province, it was enacted in 1692 that pieces of eight, Seville, Pillar, and Mexico, should pass current, if of full seventeen penny-weight, at six shillings. This act was disallowed on account of the penalty attached to its infringement, but the substance of the law was re-enacted in 1697 in such form that it was permitted to stand.[2] The expression "full seventeen penny weight" is probably the equivalent of "not less than seventeen penny weight." The rate of coined silver per ounce to be deduced therefrom, assuming, as was apparently the custom at that time in the province, that it was of sterling alloy, is a little over seven shillings. The same

proposed that pieces of eight should pass at 6*s*. *Ibid.*, no. 241. In May 1680, a petition for a free mint was filed. In the preamble it was set forth that through the mint charges there was a loss to the holder of bullion in the conversion to coin, and consequently plate, bullion and coin were exported. *Ibid.*, no. 243. An order for a free mint was draughted. *Ibid.*, no. 244. A similar draught, without date, is to be found, *Ibid.*, no. 260. A plan for reducing the weight of the New England coins, said to be in the hand writing of John Hull, the mint master, dated June 6, 1680, is in the same volume. The writer says: "If every shilling be made 12 grains lighter then all those that have Peices of eight i. e. both of Good Silver and full weight will advance about 7*d* or 7½*d* more then now they doe. Every

12*d* then to be 2 penyweight & halfe
6*d* one penyweight 6 graines
3*d* 15 graines
2*d* 10 gr,

the same fynenesse to be kept and put a new date. Let the coynage and wast be as by the last settlement." *Ibid.*, no. 245. The Report of the Officers of the Mint, London, Jan. 15, 1684–85, upon the New England coinage is to be found, *Ibid.*, nos. 350–351. A report upon the question of re-establishing the mint, *Ibid.*, no. 388.

[1] Mass. Colonial Rec., vol. 5, pp. 351–373. Colonial Laws, 1672, Whitmore's ed., p. 292, a, and p. 294.

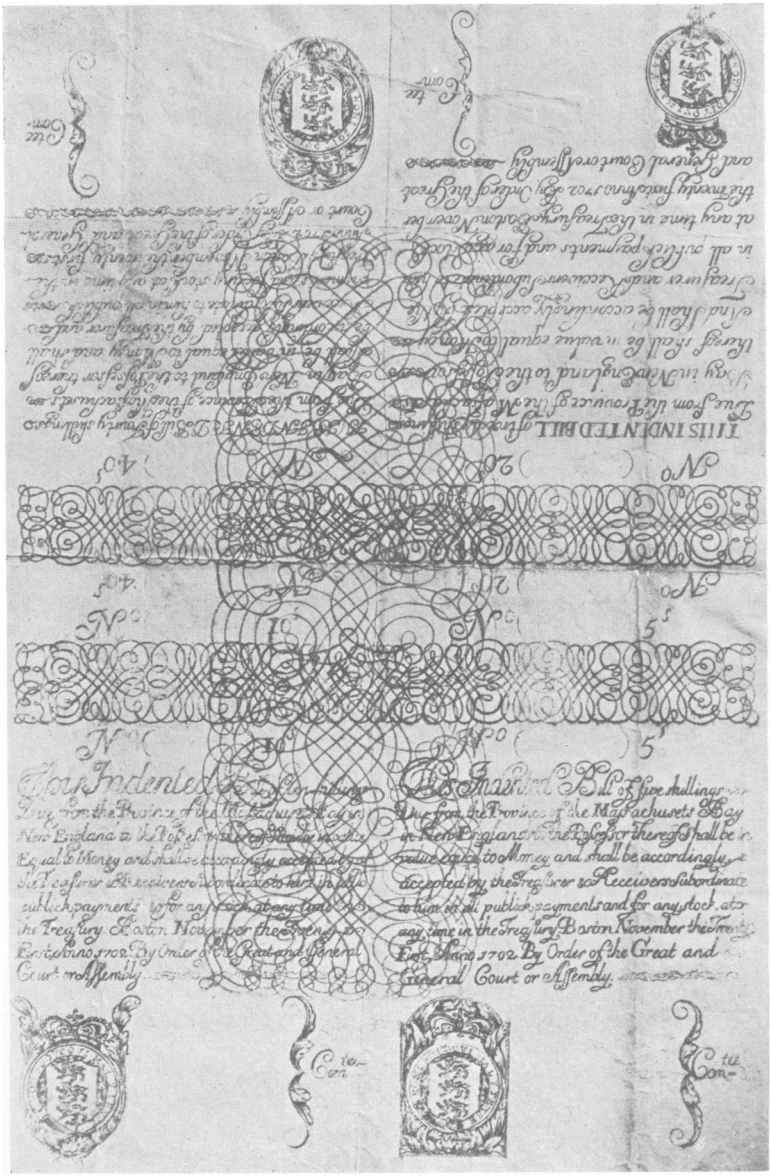
[2] Acts and Res. Prov. Mass. Bay, vol. 1, pp. 70 and 296.

year the legislation against the export of bullion or money was renewed [1] and shipmasters on clearing were required to take oath that they did not have on board their vessels over five pounds in bullion or current silver money.

As has already been intimated the confusion in the currency caused by the closure of the mint led to proceedings in England towards the re-establishment of that institution. Reasons were submitted to the Lords of the Committee for Trade and Plantations why this should be done, September 23, 1686,[2] and a reply to this document on the part of the officials of the mint was filed on the 23d of October.[3] In this latter paper the statement is made that pieces of eight "are but a commodity" in New England and it is recommended that the people there be left to barter the one against the other as their interest guides them. In the interim between the date of the application or petition and the reply on the 13th of October, a committee had already reported to the Privy Council against re-establishing the mint and had recommended that power be given Sir Edmund Andros to regulate, by proclamation, the passage of pieces of eight and other foreign coins imported into New England.[4] On the 27th of the same month the Privy Council concluded that the mint should not be re-established and passed an order to the effect that "Sir Edmund Andros, be and is hereby authorized and empowered by proclamation to regulate pieces of eight and other foreign coins within the said Territory of New England, to such current value as he shall judge most requisite for his Majesty's Service and the trade of

[1] Acts and Res. Prov. Mass. Bay, vol. 1, p. 306.
[2] See Crosby for a copy of this paper, pp. 91–93.
[3] *Ibid.*, pp. 93, 94.
[4] *Ibid.*, p. 94.

Plate 3.



An impression of the Middle Plate, 1702, showing the arrangement of the bills with reference to the stub, and having across its face the red scroll which, it was thought, would aid in preventing counterfeits. The original is in the Massachusetts Archives. Reduced about one-half.

his subjects there." On the 31st of October, Sunderland officially communicated this decision of his Majesty in Privy Council to Sir Edmund in a letter in which instructions were given that "by Proclamation under our Seal for our said dominion in New England, you regulate the price of pieces of eight and other foreign coins imported thither, in such manner and to such a current value as you, with the advice of our Council shall find most requisite for our service and the trade of our subjects there." [1]

This letter was communicated to the New England Council by Sir Edmund on the 22d of Jauuary, 1686–87[2] and at the same time the answer of the officers of the mint to the paper entitled "Reasons for a Mint in New England" was also read. On the 28th the matter was brought up again in council and in this connection there was some discussion as to whether it was in the power of the council to prevent the shipping of coin to England and also as to what prejudice to the country such shipments actually occasioned.[3] On the 23d of February, the letter relative to pieces of eight was again

[1] See Crosby for a copy of this paper, p. 95.

[2] Mass. Council Rec. , vol. 2, p. 110. Andros Records, in manuscript, in possession of the Amer. Ant. Soc., p. 19. My attention was called to the fact that these records contained information on these points, through the notes to Mr. Toppan's memoir of Edward Randolph. Publications of the Prince Society: Edward Randolph, with historical illustrations and memoir, by Robert Noxon Toppan, vol. 2, pp. 18, 19, and notes. The Andros Records were examined by me in MSS. at Worcester. They have since been published and the reference above given will be found in Proc. Amer. Ant. Soc., vol. 13, new series, part 2, pp. 247, 463. The references to the Council Records are to volume and page of the Manuscript Records at the State House. The Dudley Records have since been published. See Proc. Mass. Hist. Soc., 2d series, vol. 13, pp. 226-286.

[3] Andros Records, pp. 21, 22, Proc. Amer. Ant. Soc., vol. 13, new series, part 2, p. 249.

submitted to the council and at the same time a paper was presented by Mr. Wharton[1] for an accommodation of the country and supply of money to carry on trade, as the record reads.[2] There is a paper in the Massachusetts Archives (vol. 100, no. 162) bearing no date but classified chronologically under 1671, which is endorsed "Mr. Wharton's paper about raising of money."[3] It contains among many others the following propositions: All outstanding debts to be discharged in specie at 6*s.* 8*d.* per ounce; after a given date New England coins to pass as follows: 1*s.* @ 14*d.*, 6*d.* @ 7*d.*, 3*d.* @ 4*d.* and 2*d.* @ 3*d.*; All Mexico, Pillar, Seville, and other pieces of eight, bullion and plate of sterling alloy to pass current at 7*s.* 6*d.* per ounce. The paper contained many other suggestions, and bears evidence of some care in its preparation, but has some amendments in a different hand writing from that of the main part of the text. It was obviously introduced as a basis for discussion. This point was gained and Randolph's record has preserved the substance of what was said. It was contended that unless the New England coins and pieces of eight were raised, all money would leave the country. Sir Edmund was not influenced by this argument but declared that he was opposed to setting any value upon the New England money other than its intrinsic value accounted as bullion. Two goldsmiths were called in as experts. They came to the council chamber and Mr. Wharton's paper was read to them. They asked for time for the preparation of their opinion which was granted them and the discussion was renewed

[1] Probably Richard Wharton, one of the councillors.

[2] Andros Records, p. 28, Proc. Amer. Ant. Soc., vol. 13, new series, part 2, p. 252.

[3] Crosby gives this paper in full in The early coins of America, pp. 106, 107.

with vigor, many of the council being of opinion that raising the value of money would make it plentiful in the country and quicken trade. To this it was replied that such a course of action would tend to destroy commerce with the West Indies. Instead of sugar, molasses and rum, nothing but light pieces of eight would be shipped thence to New England. It was argued that raising the coinage would only help the merchants, as the country people could not raise prices on their goods, and this would result in positive injury to the country.

On the 25th of February, the goldsmiths again attended the meeting of the council and submitted their report upon Mr. Wharton's paper. They were of opinion that raising the value of pieces of eight would bring them into the country plentifully, but they thought it would at the same time occasion the shipment out of the country of the New England money. It is obvious from this that they conceived that the opposition of Sir Edmund Andros was fatal to that part of Wharton's project which involved the raising of the New England money. The specific question was put to them what advantage would there be in raising pieces of eight to 7*s.* 6*d.*? and they answered that unless the New England money was correspondingly advanced it would all leave the country. This day's conference was closed by the submission of a proposition that "all whole pieces of eight (Peru excepted) 15 pennyweight and upwards should pass currant at 6*s.*, all other bullion and plate of sterling alloy should pass currant at six and eight pence pr. ounce. All Peru pieces 15 penny weight at 6*s.*[1]"

[1] The account of the proceedings at the meetings of January 28, February 23, and February 25 is taken from the Andros Records. The meeting at which the merchants were called in is recorded under date

On the 10th of March some of the chief merchants of Boston and Salem were summoned before the council in order that they might be consulted on the money question. They were present at the meeting of the board and recommended that there be no change in the valuation of the New England money. They further recommended that Mexico, Seville and Pillar pieces of eight should pass by weight at 6*s.* 10*d.* per ounce Troy, and the fractional parts of the same, the quarters and reals, on the basis of a valuation of the piece of eight at 5*s.* 4*d.* Outstanding liabilities, they thought, ought to be adjusted in current New England money or in Mexico, Seville or Pillar pieces of eight at 6*s.* 10*d.* per oz. Troy.

They were asked by Sir Edmund what was the standard weight of a good piece of eight? They replied seventeen and a half pennyweights. This ended the conference. The merchants wanted the New England money to stand unchanged, and to remain the standard money of the country, and they desired that the Spanish money should pass by weight. This did not accord with the views expressed by Sir Edmund, who evidently wished to establish a value at which the standard piece of eight should circulate and did not wish in direct terms to recognize the New England coins. Randolph undertook to record the impression made upon Andros by this discussion but his haste prevented him from being intelligible. His words are "his Ex^{ce} found out the designs of the Merchants to

of March 8, Mass. Council Rec., vol. 2; p. 114, and in the Andros Records under date of March 10. The Council Records represent that the merchants were called in to give their opinion in writing and hence it is to be inferred that the action taken was in accordance with that opinion. The fuller account given in the Andros Records shows that this was not so.

[make?] mony[1] a commodity and not to make it currant mony at a price." An order was then passed "That all pieces of eight, Civill, Pillar and Mexico at due weight[2] shall pass in payment at six shillings per piece, that half pieces of Eight, Quarter pieces and Realls do pass pro rata," and on the 12th of March proclamation to that effect was given near the Town House by beat of drum and sound of trumpet. Whether the proclamation followed the language of the order, as recorded in the transcript sent to London and now to be found in the council record, or adopted the language of the Andros records and specified the weight of the piece of eight which should pass at six shillings, does not appear; but it would seem as if the attempt to enforce the order must have been of little use unless the latter was the case.

May 21, 1687, Randolph wrote with reference to this order as follows: "it does not answer the end, money grows very scarce and no trade to bring it in."[3] The condition of affairs a few months later would seem to have revived the discussion as to the rates at which pieces of eight should pass, for on January 24, 1687–88, Randolph again wrote "We cannot yet agree upon the prizes of money: Some would have all pieces of 8, tho' of 15 pennyweight, go at 6*s*. New England, others at 17; but they stand at 17½. Our money goes all away and shall have little or none to supply ordinary occasions."[4] The statement that the standard weight, 17½

[1] By "Money" he must mean pieces of eight.

[2] The language of the order is taken from the Council Record. The Andros Records at Worcester define the weight of the piece of eight "at 17½ dwt," and add "that the prent New Engl[d] money do passe for value as formerly." They also give a rate for pistoles.

[3] Toppan's Randolph, vol. 4, p. 163.

[4] *Ibid.*, vol. 5, p. 199. This tends, of course, to confirm the impression that the weight was mentioned in the proclamation.

pennyweight, was maintained at that date, shows what was meant by "due weight" in the official records of the council, copies of which were forwarded to London. It is of importance, however to note that the certified copy of the order passed in council regulating the value at which pieces of eight should pass which was sent to London, did not specify the weight otherwise than in this vague form.[1]

The proclamation which gave its name in some of the colonies to the basic measure of value during this period was issued by Queen Anne in 1704 and fixed the rates at which certain foreign coins should pass current in her Majesty's dominions in America.[2] The weight and intrinsic values of these coins were given, and also the corresponding rates at which they should pass in the plantations, the latter being fixed in terms of New England money, or at least in shillings which were so near those in which the province had already rated the piece of eight that it was supposed they would readily be accepted as an equivalent. It may be inferred from this proclamation and from the parliamentary statute passed in 1707 for enforcing it,[3] as well as from the

[1] We know this because the Council Records of this date in the Archives are transcripts of those in the Record Office in London.

[2] Bancroft says of this proclamation: "It pretended to give to coins one value in England, another in the colonies; but as the coin, being an actual product of labor, could not change, it was, in fact, but giving to the words pounds, shillings, and pence, different signification in America from that which they bore in Europe." History of U. S. (ed. 1841), vol. 3, p. 390. The pounds, shillings and pence were in the one case sterling, in the other New England money.

[3] 6 Anne, c. 30 (1707). Statutes at large, vol. 4, pp. 311, 312. The table is also given in Annals of the coinage of Great Britain, etc., by the Rev. Rogers Ruding, London, 1840, vol. 2, p. 61. It was printed in the *News Letter*, No. 34, December 11, 1704, the date of the proclamation being there given as June 18, 1704, and is quoted by Felt in

colonial legislation of this period, with regard to the value at which pieces of eight should pass, that the New England coinage had been absolutely supplanted by the Spanish and Mexican dollars and fractional parts thereof. The mint had been closed for twenty years when the proclamation was issued, and thenceforth when the term "proclamation money" is used it refers to the shilling defined in the proclamation. On the other hand, the favorite equivalent phrase in Massachusetts, "lawful money," refers apparently to the shilling based upon the provincial act.[1] The shillings thus denominated were to have the same value as those rated in the proclamation or act as the case might be in terms of the piece of eight.[2]

By this proclamation, the Seville piece of eight, old plate, and the Mexican piece of eight were each valued

his Historical account of the Massachusetts currency, p. 59. It was published in the *American Journal of Numismatics* and was copied from that journal by Crosby, pp. 117, 118. The act is published by Chalmers in his History of the currency of the British colonies, p. 414. From and after January 1, next ensuing the publication of the act, no Seville, Pillar or Mexican piece of eight, though of full seventeen penny weight and one-half, was to be accounted, received, taken or paid, in any of the colonies whether proprietary, charter or under commission, at above the rate of six shillings per piece current money, for the discharge of any contracts or bargains to be made after January 1, next. After May 1, 1709, the penalty was to apply in all cases.

[1] The new tenor bills were, according to their terms, equal to silver at a specified rate. This might have furnished a new definition for lawful money after the emission of these bills, but in January, 1741–42, lawful money was defined by the Assembly to be coined silver of sterling alloy, at the rate of 6*s*. 8*d*. per ounce, Troy weight. Acts and Res. Prov. Mass. Bay, vol. 2, p. 1083. I do not conceive that the difference in the rate of silver from that to be derived from the statute of 1697 was of practical consequence.

[2] The editor of the New Hampshire provincial papers, vol. 5, p. 672, says that he "has been unable to find any definition or explanation of what is meant by proclamation money." It is defined in "The statutes at large of South Carolina, edited under authority of the Legislature, by Thomas Cooper," 1837, vol. 2, p. 709, note. Douglass says, "Spanish pieces of eight are reckoned the Plantation Currency,

at 4*s.* 6*d.* sterling, and the weight of each was given at 17 dwt. 12 grs. The Pillar piece of eight was given a slightly higher value in this table. The rate at which these coins were to circulate in the plantation was fixed at 6*s.* the same value as that assigned by provincial legislation, "if of full seventeen penny weight." The rate of conversion was exactly 133⅓, the 4*s.* 6*d.* sterling being equal to 6*s.* New England money. The price of silver in London was then 5*s.* 2*d.* per ounce. In proclamation money, where 17½ dwt. was equal to 6*s.*, the nominal value of the ounce of silver was 6*s.* 10$\frac{2}{7}$*d.* Lawful money or 17 dwt. for 6*s.*, gave 7*s.* 3*f.* as the value of an ounce of silver.[1]

In 1706 the Lords of Trade informed Governor Dudley that the provincial act of 1697 furnished the basis for the rates fixed in the proclamation.[2] "You are further to represent to the Assembly," they said, "that there lies a particular obligation on them to enforce a

and are esteemed as such in the Proclamation Act." A summary, etc., vol. 2, p. 16. Felt, on page 116 of his Historical account, etc., says, "as debtors, who confided in the last emission of government notes, had promised to pay lawful money, meaning these bills. . ." This expression is susceptible of the interpretation that Felt thought the public bills of the issue referred to were lawful money, which may or may not have been his intent. The statute which he was interpreting was passed for the purpose of relieving debtors who had incautiously agreed to pay lawful money for debts contracted in public bills.

[1] "We have already a law of this province (of old standing) fixing the lawful tender of pieces of eight of 17 dwt to 6*s*, that is nearest 7*s* 3*f* per ounce, and much later than that an establishment in Queen Anne's reign making pieces of eight of 17 dwt and half a lawful tender for 6*s*, that is 6*s* 10*d* two sevenths per ounce commonly called proclamation money." An inquiry into the nature and uses of money, etc. Boston, 1740, p. 44.

"Some people think that the government have obliged themselves (by saying upon the face of the bills that they shall be equal to money) to discharge them by paying silver at the rate of 17 pwt for 6*s* or 7*s* 3*f* per oz., the then current lawful money." Some Observations on the scheme projected for emitting £60,000, etc., Boston, 1738, p. 14.

[2] Acts and Res. Prov. Mass. Bay, vol. 1, p. 580.

due obedience to her Majesty's commands herein, for that the regulation of the rates at which foreign coins are to pass was calculated from a law of their own." The establishment of the value at which foreign coins should pass in the plantations, by the standard fixed for the value of the New England shilling in an act passed by the General Court of Massachusetts instead of reversing the process and taking sterling money as the basis, at first glance seems peculiar. It appears that the Board of Trade adopted this course with reluctance, their action being taken in consequence of an opinion of the attorney general, May 31, 1703, to the effect that the provincial act of 1697, having been approved by the Privy Council had the force of an Act of Parliament.[1] The probable influence of this opinion was anticipated by those in London who were in touch with current events, and William Penn, writing in December of the same year, prophesied that New England's standard would be that of the continent. To this he added, that if a law of theirs [the act of 1697] had not been unwarily confirmed by King William, which law could not be repealed except with their consent, the English standard would have been the measure of America at large. Again in July, 1704, he wrote, "the Queen by proclamation now sent thee has settled the coin at £25 per ct. according to New England standard, and would have done it to English sterling but for the late king's confirming their rates for money, which extends all over America."[2]

[1] Chalmers' History of the currency, p. 14. But for this, one might think reference was had to the legislation under Andros when the rate was based upon 17½ dwt. The phrase "due weight" in the records will be remembered.

[2] Memoirs Pennsylvania Hist. Soc., vol. 9. The Penn and Logan Correspondence, vol. 1, pp. 248, 296. See also Observations occasioned by reading a pamphlet entitled A discourse, etc., etc., p. 15.

Notwithstanding the fact that the action of the Privy Council in thus adopting what they evidently regarded as practically the New England standard for all the plantations in America rested upon the opinion of their legal adviser to the effect that they were bound by the confirmation of the provincial act of 1697, it may well be doubted whether the Privy Council would not have found some way to avoid this dilemma if they had seriously objected to it. The act of 1697 fixed a rate for the piece of eight "if of seventeen penny weight." The proclamation demanded that this weight should be seventeen and one-half penny weights in order that this coin should circulate at the rate of six shillings. Professor Sumner in his paper on "The coin shilling of Massachusetts Bay" [1] says of this proceeding, "In fact the English authorities did violate the law of 1697." Through the exercise of the same power by which this change was accomplished the sterling standard could have been adopted.

If we turn to the then existing condition of the currencies in New England and at home, we shall see that the circumstances were such that it was easy for the Privy Council to reconcile themselves to the step thus forced upon them by the opinion of the attorney general.

The province was then dependent upon foreign silver for its currency. New England money was but a nominal measure of value, the local coinage having disappeared after the closure of the mint, and the province having been compelled to resort to legislation against the export of silver, in the hope of retaining within its borders the miscellaneous coins then in circulation.[2]

[1] *Yale Review*, Nov., 1898, p. 264.

[2] Acts and Res. Prov. Mass. Bay, vol. 1, pp. 306, 307.

Moreover, the condition of the silver coinage in Great Britain at that time may serve to some extent to explain this readiness to accept a measure of value set by the province itself in terms of a foreign coin. The table of values for foreign coins contained in the proclamation was prepared by Sir Isaac Newton, who had been called to the mint for the purpose of superintending the recoinage of the silver of the realm. Prior to this process, and during its continuance, the relations of the values of English gold and silver coins were greatly disturbed. After the recoinage, confidence was reestablished in London, but it was still fresh in the minds of men that the upward career of the guinea, when measured in the clipped and sweated silver in circulation prior to this measure, had been decreed by parliamentary enactment to stop at 30*s.*, and that by successive laws its measure in silver had been ordered to be reduced to 22*s.*, while as a matter of fact, it had, at the time the table was made, actually fallen to 21*s.* 6*d.* Thus it will be seen that the recent instability of the English silver coinage may have influenced the politic course taken in accepting as binding the opinion of the attorney general heretofore alluded to and adopting a measure of value which purported to be the same as that established, in terms of a foreign coin, by the colonists themselves. The rate having thus been fixed between a nominal measure of values and an actual coinage, there was nothing to disturb it so long as the standards of the mints were preserved. It is known that these standards were not constant, but in practice these changes were not noticed in the colonies, and the rate was passed on to our day, six New England shillings being equal to the dollar, Mexican or Spanish, and to their successor our dollar; 133⅓*s.* lawful money being

in the days of the province equal to 100*s.* sterling. Until dollars came into use, all transactions in Massachusetts were stated in New England money. All accounts given in terms of "lawful money" must therefore be reduced twenty five per cent if we could obtain the corresponding amount in sterling.

It has been said that the standards of the foreign coins which were in use in the colony were subjected to changes during this period. The fluctuations in value consequent thereto have been fully described by Professor William G. Sumner.[1] Although the value of "proclamation money" and of "lawful money" remained constant so long as there were no changes of weight and alloy at the mints, still in practice the standard of weight for the piece of eight in circulation which passed for six shillings was steadily reduced until silver was driven out of circulation. The different values of the coin shilling to be derived from legislation and from the degradation of the piece of eight at different times, 1652 to 1705, have also been worked out by Professor Sumner.[2]

Although we have reached technical definitions of proclamation and lawful moneys, we have not conquered all the difficulties which are to be encountered in the attempt to analyze the significance of these terms. It was the opinion of Attorney General Northey that the tender in the colonies of the foreign coins mentioned in the proclamation at the rates therein expressed was a legal tender.[3] Whether this was sound law or not, in practice the proclamation was not recognized. Doug-

[1] *Amer. Hist, Rev.*, July, 1898.

[2] The coin shilling of Massachusetts Bay, *Yale Review*, Nov., 1898, and Feb., 1899.

[3] October 19, 1705. See Opinions of Eminent Lawyers, etc., by George Chalmers, London, 1814, vol. 2, p. 322.

lass, speaking of the act of Parliament passed for enforcing the proclamation says "This Act continues to be observed in none of our colonies, excepting in Barbadoes and Bermudas."[1]

If the values assigned by the proclamation had been accepted in the colonies, a measure of values would have been furnished which would only have been affected by the changes in weight and alloy made by the foreign mints, we might indeed say by the Spanish mint. Northey's opinion would have been made the law of the land through local legislation and "lawful money" and "proclamation money" would have been synonymous. Such was not the case, however, for when Dudley sought to secure observance of the proclamation through penal legislation he was met with such vigorous resistance by the assembly, that he wrote to the Lords of Trade, July 25, 1705, that they would not even refer the proposed legislation to a committee until he had dropped the word "penalty" out.[2] He then went on to say that the assembly sought to rate silver at eight shillings an ounce, scarce fifteen penny weight for six shillings. This he had peremptorily refused to approve and had finally, after a contest of five weeks, prevailed and secured the levy at seventeen penny weight. In other words the utmost concession that he had secured from the assembly was the adoption of the rate which had already been recognized by provincial legislation, that is to say the act of 1697. The rate of silver which the assembly attempted to fix in the tax levy was the then current rate in the province and it carried with it the corollary that the piece of eight

[1] A Discourse, etc., Boston, 1740. Reprinted by Amer. Economic Assoc. in *Economic Studies*, vol. 2, no. 5, p. 302.

[2] Acts and Res. Prov. Mass. Bay, vol. 1, p. 579, note to chap. 3.

then in circulation weighed, as Dudley expressed it, "scarce fifteen penny weight." This had been accomplished through the process of selection for remittance, from the clipped coins in use in trade, of all those whose weight made them more valuable for this purpose than for local use, and the bills of public credit had been kept at a nominal par with silver through the degradation of the coins in use. During the time that this process was going on there must have been an unusual difficulty in determining what was "lawful money." Legally perhaps this was determined by the act of 1697, which still stood unrepealed and was practically recognized, through the persistency of Dudley, in the tax levy of 1705. Moreover, so far as the government was concerned, Dudley intimated in the same letter that he should insist upon payments being made to the treasury on that basis, but in the adjustment of ordinary debts, it is probable that pieces of eight at their current value or bills of public credit on the same basis were accepted without question. Dudley evidently refers to such a practice when he says "thereby the country will be emboldened to use their late way of payment at fifteen penny." When however silver disappeared, some other measure than the uncertain paper money had to be resorted to and recourse was apparently had to the shilling defined in the provincial act of 1697.[1]

[1] Belcher, writing in 1739, says, "good and lawful money of the province which is seventeen pennyweights for six shillings." Coll. Mass. Hist. Soc., 6th series, vol. 7, p. 225. A writer in 1720 says, "Any man might all along, and may still with silver money at seventeen pennyweight, buy almost any commodity at pretty near the same rate he might before our province bills were first issued out." A letter from one in the country to his friend in Boston, containing some remarks upon a late pamphlet, etc., etc., Boston, 1720. p. 4.

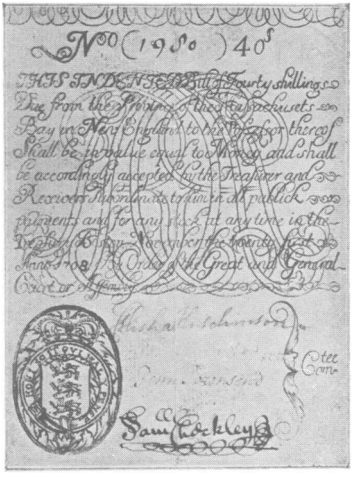
In a paper published by the writer in February, 1898,[1] the discrepancies in the value to be assigned to silver through these definitions and the difficulty of determining what it actually was at any given time were pointed out. The assumption was made in that paper that the shilling to be derived from the proclamation and that which can be deduced from the provincial statute were accepted as substantially the same. This opinion was based upon the disregard of precise definitions which then prevailed and the total neglect of other elements than weight in assigning values to the Spanish coinage then in circulation. It will be seen, however, from some of the references which have been given that certain of the writers recognized the distinction in value between the "proclamation" and the "lawful" money, and it must be borne in mind that the latter was the fundamental measure of value in Massachusetts.

Any person who cares to pursue the technical investigation of this subject will derive much aid from two papers which have been published by Professor William G. Sumner.[2] The complicated facts related thereto are arranged and analyzed in these papers with masterly skill. The value of the coin shilling at various periods is stated in terms of scientific accuracy and the conclusion is reached that the silver shilling derived from the piece of eight in the middle of the century was 62.9 grains of fine silver, coinciding with a shilling which among the various fluctuating values had been twice met with before. It is not possible to reproduce here the various definitions of the coin shilling arrived at by Prof. Sumner, nor would it be profitable

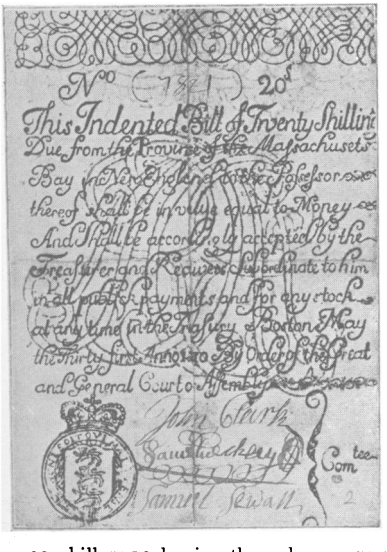
[1] Proc. Amer. Acad. Arts and Sc. vol. 33, No. 12.

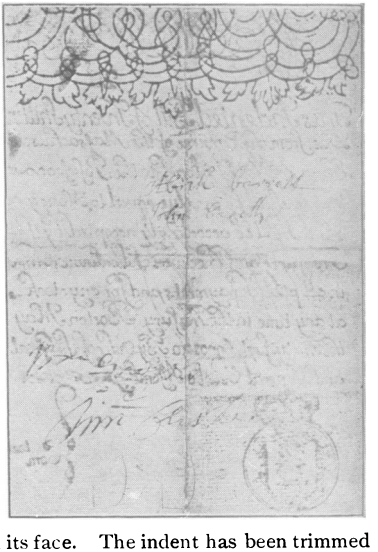
[2] The Spanish dollar and the colonial shilling, *Amer. Hist. Rev.*, July, 1898; and The coin shilling of Massachusetts Bay, *Yale Review*, Nov., 1898, and Feb., 1899.

to do so in an attempt to show what the community regarded as the shilling in commercial use. It is not so much the scientific definition of value that we seek, as the opinion of the colonists as to values measured in sterling. This we can to a certain extent accomplish, but the practical disregard by the colonists of any other question in connection with the coins in use than that of weight makes conclusions based upon these opinions of doubtful accuracy. In the long run value undoubtedly asserted itself, but quotations must at times have been at variance with it. Furthermore, the irreconcilable nature of some of the statutes, from which more than one value can be determined, unsettles conclusions based upon them and compels the exercise of independent judgment. In any event whether the reader be competent to test the recorded facts with the skill of an expert numismatist or can simply apply the tests open to an ordinary business man, the recapitulation and study of the same events will be necessary.



40*s.* bill, 1708, having the red monogram on its face. The indent has been trimmed off. Photographed by permission of the Lenox Library.





20*s.* bill, 1710, having the red monogram on its face. The indent has been trimmed off. Photographed by permission of the Lenox Library. Checkley's signature in red ink.

CHAPTER III.

THE CURRENCY CONFLICT UNDER DUDLEY AND SHUTE.

The relations of the house of representatives to the royal governors under the provincial charter were from the beginning replete with perils of conflict. If under the administration of Phips the actual encounter was postponed, it was partly, no doubt, because the colonists had not yet learned how far they were to be shorn of the privilege of self government which they had enjoyed in the days of the colony. The province charter was heralded to them as a blessing by the boastful Mather and he claimed that his countrymen owed him a debt of gratitude for his services in procuring its issue. Until the Privy Council entered upon the critical supervision and wholesale rejection of the laws passed during the first three years under this charter, the representatives could not have known how far the home government meant to exercise the reserved rights of disapproval of provincial legislation. The passionate and ill-balanced governor nominally at the head of affairs was no longer in the province when the news arrived of the action taken at the meeting of the Privy Council held August 22, 1695, at which amongst so many others, the act in which the exclusive right of taxation was reserved to the General Court met with disapproval. Through knowledge of this action the province was brought facé to face with the fact that the Privy Council proposed to exercise actual surveillance over legislation and also did not intend that the possible claim on the part of parliament of a right to tax the

colonists should be baldly surrendered.[1] Under these circumstances the probable action of the friends of the old charter became a question of importance. It was well, perhaps, that the fiery Phips, who had already collided with some of the leaders of that party, was not then at the actual head of the government. His representative, Lieutenant-Governor Stoughton was not aggressive enough to please Edward Randolph, the royal collector of customs, who sums up his estimate of the man in the words "he was a good scholar but not bred to military discipline.[2] Stoughton, through his politic affiliations and by his prudent avoidance of self-assertion, warded off collision at that time and maintained a peaceful attitude during his entire administration of affairs, both before and after the brief presence of the Earl of Bellomont.

It is quite probable that the enthusiasm with which Bellomont was received and the trust which his genial deportment aroused would have given place to other sentiments if his stay here had been prolonged, but, as it happened, he retained the confidence and good will of the people so long as he remained in the province.

His successor in the gubernatorial chair was a man of widely different surroundings and his advent aroused none of that enthusiasm with which the coming of the Earl of Bellomont was hailed. Joseph Dudley, although a native of Massachusetts, was known to be a courtier and was distrusted by his countrymen. He had already

[1] Judge Chamberlain makes the point that the objections alleged by the Privy Council to this act did not cover the sections which declare general rights, and he adds "they consequently retained the political significance which inheres in all unchallenged claims of right." John Adams, the statesman of the American Revolution with other essays, etc., etc., by Mellen Chamberlain, 1898, p. 49, note.

[2] Toppan's Edward Randolph, vol. 5, p. 159.

suffered imprisonment, after the overthrow of the Andros government, at the hands of some of the very men who were now prominent in provincial politics. Under the most favorable circumstances a collision between him and the local government might have been expected. As the representative of an autocratic government, himself fully imbued with the notion that the colonies were to be treated as mere dependencies of the crown, he could not have co-operated with a body of men who were seeking to save from the wreck of the old charter some of the planks of self-government which had so long served them in their navigation of the political seas during the days of the colony. It forms no part of my purpose to trace in detail the history of the conflict between the provincial governors and the assembly. Conspicuous as was its function in the formation of the political opinions which made the revolution a possibility, it is mainly important to us because it affected questions connected with the currency.

After the wild plunge was made in the emission of bills for loans, and the recklessness of the province legislature was thoroughly appreciated, the influence of the Board of Trade, which was organized to relieve the Privy Council of the supervision of colonial affairs, that of the royal governors and also, as a rule, that of the province council, was exerted, on the side of conservatism and sound money. The royal instructions, often impolitic and sometimes impracticable, were after that time uniformly couched in restraint of excessive emissions, and the respective royal governors, although at times they connived at evasions of the instructions, generally exerted themselves to secure obedience thereto. The council held a position midway between the governors and the representatives, and their relations to

the subject were somewhat in accordance to this position. Although elected by the assembly, still the tradition which attached to them as a sort of upper house, having special powers confided to their execution by the charter, influenced the selection of prominent men as members, who were generally possessed of more than average wealth. Their relations with the governor were closer than their connection with the house, and they were to be relied upon to support him unless some recognized question of principle was involved in the matter under conflict. So that, as we run through the various points of controversy which arose between the governor and the assembly, we find the council sometimes opposed to the house, sometimes acting the role of peace-maker, but occasionally joining hands with the representatives in asserting some principle of self-government. The house, throughout the contest, was persistent in the maintenance of all rights granted to that body by the charter, but on questions of finance it was often unreasonable and intemperate, readily following the lead of any persuasive advocate who might propose a financial heresy and resisting to the utmost all attempts to impose restraint upon its action. In the effort to take into its own hands not only the origination of all appropriations, but also the control of all disbursements, which soon became the settled policy of the representatives, the relations between the house and the governor and council finally assumed such a character of hostility, that reasoning upon that point was thrown away and in the discussions which ensued arguments were wasted. Even as early as 1702, the house locked horns with the board under circumstances so utterly indefensible that it was compelled to abandon its position. The representatives had refused to

comply with the request of the governor that they should make an appropriation for the fort at Pemaquid, a work which he had been specially instructed to forward. The board requested a conference on the subject, which conference the house peremptorily declined to grant. Whereupon the board declared that this refusal of a conference upon a matter relating to the government was an infringement of their rights and privileges, and in the end, the house yielded the point.

There were two questions which Dudley under his instructions was compelled to press upon the attention of the assembly, both of which were sure to meet with resistance, and unless the discussions which would inevitably ensue should be conducted with great judgment, feelings would be engendered which would greatly diminish his influence over that body. One of these was the construction of the fort at Pemaquid, the other was the fixing of a salary for the governor of the province. On both of these points the representatives were unwilling to follow the instructions, nor was there any way in which Dudley or any of his successors could overcome their objections and secure obedience. The council, notwithstanding the recent conflict with the house, supported the position assumed by that body with regard to the salary. In his communications with the representatives, Dudley was often abrupt, almost to discourtesy, and in this instance he had curtly called upon them to carry out the instructions. They informed him that the stating of perpetual salaries was not to her Majesty's interest and when he sent down for the house journal in order to inspect it, they told him he might see it in their chamber but declined to send it up to him. The strained relations thus early established through the governor's attempt to enforce

his instructions were made more pronounced at a later date by the exercise on his part of the power lodged by the charter in the governor, of negativing councillors not grateful to him, and the attempt on his part to exercise the same power with regard to the speaker whom they had chosen. Thus it came to pass, almost at the beginning of his career as governor, that Dudley established with the body which controlled the making and shaping of the supply bill, relations of such a nature that the representatives would not patiently listen to any advice that he might give them. Nevertheless he felt it incumbent upon him to say something from time to time upon the subject of the currency and it would have been well if they had hearkened to his warnings.

"The particular business you have before you," he said in 1703, "is the making good the votes of the two last Assemblies in raising the tax for the bills already issued." May 27, 1708, the governor sought to secure legislation which should prevent the bills of credit from declining. "We are all," he said, "sensible of the great service and benefit we have by the bills of credit. It behooves us to be very jealous of their disparagement, and as we always deposited a just fund for their support, so I think now it may be proper to make some Act of the Assembly to prevent their being undersold, and thereby defamed, with penalties thereupon." During the summer of 1711, £50,000 in bills of credit were loaned temporarily to Boston merchants, to enable them to furnish supplies to the Hill and Walker expedition, payment for which supplies was made to the merchants by sterling drafts on London. May 29, 1712, while these bills were still out, the governor said, "I think it necessary also to move you to consider the state of the

bills of credit, in which the province has honored themselves by keeping up their just value hitherto." The public bills loaned to the Boston merchants, although the amount was undoubtedly large enough to have had a perceptible influence upon the rate at which the bills were current, could not have been included among those towards which the governor directed his remarks. No obligation rested upon the government to provide by legislation for their retirement. The loans were for a specific period and at maturity the return of the bills to the treasury could be enforced. The apprehensions which Dudley felt for the credit of the bills were, therefore, aroused in behalf simply of the bills which had been issued to meet the charges of the government, but so great was his solicitude that in December, 1712, he recurred to the subject, saying: "Gentlemen, the province has had the benefit of these bills of credit through the course of their long and heavy war and now since her Majesty's wise and steady counsels have brought us into view of peace, we must take care to honor them by passing through the payment of them in such course and method as we have projected in the several acts of the Assembly made and provided for that purpose."

In June 1715, the representatives asserted that the trade of the province was greatly obstructed by the exportation of coin; that the only medium of exchange then passing was bills of credit; that so few of these were in circulation that it would occasion trouble to call in the bills which by the terms of the resolves under which they were issued should by right be called in that year; as a remedy for the trouble they proposed that a part only of these bills should be called in. No damage would accrue from this proceeding, they said,

either to the public or to private persons, but on the contrary, it would be for the advantage of all. On the 20th of July, the governor protested against this doctrine and informed them that the bills would be sure to decline if upon any pretext whatsoever they should fail to redeem their promises in calling them in. The representatives showed the value in which the governor's advice was held by them, by voting, the same day, to postpone the retirement of a part of the bills.

The accession of George I, August 1, 1714, produced a lull in the conflict between the governor and the representatives. By an act of Parliament the commission of the governor remained in force for six months after the decease of Queen Anne. It was known that, with her death, Dudley's power at court was greatly diminished, and pending the appointment of a successor, he evidently wished to avoid collision as far as possible. At the expiration of the six months, the governor having no longer a semblance of authority, the council assumed control of the government, to be superseded in turn by Dudley, whose powers were temporarily extended by royal proclamation. March 17, 1715, Elizeus Burgess received the appointment of governor of the province. Burgess was a colonel in the army and had seen service. His appointment was made at a time when the feelings still ran high between the advocates of a currency secured upon real estate, to be issued by a private bank, and their opponents who, in order to defeat the incorporation of the private bank, favored the emission of bills of credit by the province to be loaned for a term of years to citizens. The public bank, as this scheme was denominated, was triumphant. The private bank was frowned upon by the authorities and in November, 1714, £50,000 public bills were issued

and loaned to the inhabitants of the province on real security for five years at five per cent. interest, the interest and one-fifth part of the principal to be paid annually[1]. In all this the hand of Joseph Dudley had been felt, and for that reason those who favored the private bank actively opposed his re-appointment and were anxious that his successor should take charge of the government. It became known that Col. Burgess did not intend to assume office for some time but proposed to prolong his stay in England and the unusual step was resorted to of procuring and forwarding to Boston exemplified copies of his commission and of the new commission of the Lieutenant-Governor, Colonel William Tailer, who had secured a re-appointment. Both of these were published on the 9th of November. Tailer thereupon assumed the administration of the affairs of the government. He was a native of New England, and a connection of Stoughton's by marriage. He was known to be in favor of the private bank, a fact which secured him the support of a faction in the house of representatives and which was, perhaps, the secret of his brief administration of affairs at this time, but which also served as an obstacle for his retaining the office of lieutenant-governor after Burgess determined not to come to Massachusetts. His views on the subject of banking cost him the support of those who, as it chanced, were able to influence the appointment of a successor to Burgess, and simultaneously the appointment of a new lieutenant-governor. Sir William Ashurst alleged in a letter that the true reason of Tailer's popularity was "his being at the head of the private bank", and this, he added, "I take to be a new and strong reason for putting him out of his employment; and in this I do

[1]Acts and Res. Prov. Mass. Bay, vol. 1, p. 750.

not rely upon my own judgment, but upon the judgment of many principal gentlemen in the Bank of England, who condemn it [the private bank] as mischievous to the country and calculated to serve private sinister views." The importance of Sir William Ashurst's friendship at this juncture will be apparent if we turn to the pages of Hutchinson for an account of what was then being done in this connection in London. It is there recorded that "Mr. Belcher, afterwards governor, who was very opposite to the bank party, was then in London; he joined with Mr. Dummer, the agent, and they engaged Sir William Ashurst with them, and prevailed upon Burgess for a thousand pounds sterling, which Belcher and Dummer advanced equally between them, to resign his Commission that Colonel Shute might be appointed in his stead."[1]

The Colonel Shute whose commission was secured through this advance by Boston capitalists, belonged to a family of dissenters. He had served in the field under King William and had been wounded in one of Marlborough's engagements in Flanders. He stood well at court, was thought to be a "friend of liberty", as the phrase then went, and had the reputation, according to Hutchinson, of being humane, frank and generous. Chalmers, whose contempt for him seemed boundless, says: "He was one of those well meaning men, who in private life gain some respect because

[1]History of Massachusetts (ed. of 1795), vol. 2, p. 195, and note. Chalmers, speaking of this transaction says: "Yet, fonder of present gain than of dependent preeminence, the new governor sold his patron's favor for one thousand pounds to Shute, who had also served with reputation in the Wars of William and Anne. This officer's religious and political prepossessions, no less than his natural imbecility, rendered him one of the least qualified men in England for the arduous station he courted." Introduction to the Hist. of the Colonies, vol. 1, p. 396.

they are harmless, but he possessed not even the minute intelligence which enables official men of little parts to transact great affairs".[1]

William Dummer, a native of New England, and a son-in-law of Governor Dudley was at the same time appointed lieutenant-governor. He was a discreet and politic man, who when in charge of the administration yielded upon occasion, even when the prerogatives of his office were undoubtedly invaded, rather than jeopardize the true interests of the province.

It may well be doubted whether the Boston capitalists, who advanced money to secure the appointment of Shute in place of Burgess, gained much by the change. One thing it will, however, be well to note in connection with this extraordinary transaction. Those gentlemen would never have resorted to a method the obvious tendency of which was to bring into disrepute the royal governors of the province, if it had been thought possible at that time to secure the influence and direct the power of the Board of Trade against the private bank. At a later date this was not only accomplished but Parliament itself intervened. It is evident, however, that at this time the opponents of the private bank could find nothing in the English statutes which made the proposed scheme for a bank unlawful and hoped for no aid from the Board of Trade through which they could defeat the supporters of the private bank. It is incredible, otherwise, that they should have resorted to such discreditable methods.

On the 22nd of June, 1716, a committee for promoting the produce and trade of the province reported a bill for emitting £100,000 in bills of public credit. The bill failed to pass at that time, but was again brought

[1]Chalmers' Introduction, etc., vol. 1, p. 412.

before the attention of the General Court and on the 1st of August the lieutenant-governor recommended its passage, saying, "I hope if agreed to [it] will greatly tend to the support of the government and the encouragement of trade, therefore I cheerfully recommend it to you." The passage of the bill was not, however, secured at that time, but was still in abeyance when the new governor assumed the administration of affairs. Shute's commission was dated June 15, 1716, and he arrived in Boston on the 4th of October following. He at once put himself into the hands of the opponents of the private bank and in his first speech to the assembly he said, "It is my lot to enter upon this government at a time when your commerce (a very important article of the people's happenings) is under a very great discouragement by an universal want of money, which is the medium of trade. I must, therefore, recommend to you as a matter worthy of your greatest application to find out some effectual measures to supply this want and thereby restore trade to a flourishing condition in which you shall have my best endeavors and hearty concurrence."

The temporary loan of £50,000 to Boston merchants was at that time nearly all paid up, but the £50,000 loaned, at interest, in 1714 was still afloat. Profiting by the experience gained by these emissions, which avoided the necessity of laying taxes for calling in the bills and which through interest on the loans could be made to contribute towards the support of the government, the legislature acted on this advice and December 4, 1716, passed an act for emitting £100,000 to be distributed proportionately to the counties and to be loaned to the inhabitants of the province at five cent. interest, on real security for ten years, alleging in the

preamble that "the bills of credit on the Province, being yearly called in, are now grown very scarce, and few of them passing in proportion to the great demand for the same."[1] The marked effect of this loan on silver and exchange seems to have opened Shute's eyes to the situation, for in April, 1717, he spoke of the "intolerable discount" on the bills, concerning which he said in May of the same year that he could not forbear alluding to it again as a matter of great importance.

There was a clause in the £100,000 loan act which authorized the commissioners to lend again any sums which should be paid in before the expiration of the ten years for which the sums were to be loaned. The obvious purpose of this was to keep the entire sum afloat during the period of the loan, in the hopes that it would relieve the pressing demand for currency. As early as February, 1718, Shute became convinced that this would work badly and on the sixth of that month he urged the repeal of this clause. He placed himself squarely among the advocates of a metallic currency the same month, saying: "We shall never be upon a firm and lasting foundation, 'til we recover and return to silver and gold, the only true species of money."

In May he urged the assembly to find some means to advance the sinking credit of the public bills, saying that the ill consequences of not giving the matter due attention were daily increasing and would inevitably end in the ruin of the province if not timely prevented. Delays, he said, were highly dangerous. The miserable record of their neighbors at Carolina, he thought, might awaken them. If nothing were done at this session he was persuaded that it would prove thereafter to be too late. A committee, appointed by the governor and

[1]Acts and Res. Prov. Mass. Bay, vol. 2, p. 61.

council on the second of June, 1718, to consider of some fit expedient for raising the value of the bills of credit of this province, and recovering the trade out of its present decay, could suggest no better remedies than are to be found in the following propositions:—1. That credit be limited; 2. That the governor's recommendation as to the repeal of the clause in the £100,000 emission, which has been already alluded to, be carried out; 3. That the exportation of silver and gold be prohibited.[1]

May 28, 1719, Shute called attention to the fact that his Majesty was always inculcating from the throne the danger of postponing the payment of parliamentary securities and the necessity of constantly supporting the credit of Great Britain. He felt it to be his duty to give the same advice to the assembly. Again, on the 13th of July 1720, he urged the General Court not to postpone the bills as they had too often done, to the detriment of the government and the lessening of the value of the bills. On the 19th the representatives satirically expressed their great pleasure and satisfaction at the successive reminders they had received from the governor upon the necessity of maintaining the bills, but included in their message a recommendation that produce, as well as bills, should be received in the treasury in payment of taxes.

In 1721, on the 15th of March, the governor in a speech told the representatives that he had consulted with some of the principal gentlemen and merchants of Boston as to some scheme to redress the grievances under which they were laboring for want of a medium of trade. He then added, "The redress seems to be very much within the compass of every man's capacity,

[1]Acts and Res. Prov. Mass. Bay, vol. 2, p. 125.

I mean to be frugal and industrious, without which the mines of Peru and Mexico would not make you a happy and prosperous commerce." The representatives replied that they agreed with the governor in his opinion that further issues would depreciate the bills, and they had as a remedy passed a bill restraining traffic in money except at the rates fixed by the act of Parliament.

Notwithstanding the governor's opinion that silver and gold were the only true money, he approved another loan bill in March, 1721, at which time £50,000 were distributed among towns, to be loaned on real or personal security, the interest on the loans being intended to be for the benefit of the towns. The rate was not specified. The loans were to be called in, £10,000 a year, 1726–1730 inclusive.[1]

By the summer of 1721, the various points at issue between the governor and the representatives had reached so great a magnitude and the conflict had assumed such an acute form that the usefulness of Shute at the head of the administration was much impaired. The import duty laid upon English merchandise in 1718 and the tonnage duty imposed upon English built ships at the same date had brought down upon the assembly the rebuke of the Lords Justices who in the absence of the King were administering the affairs of the kingdom.[2] A new instruction was sent to Shute by the Board of Trade in 1721. This was known as the

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 189.

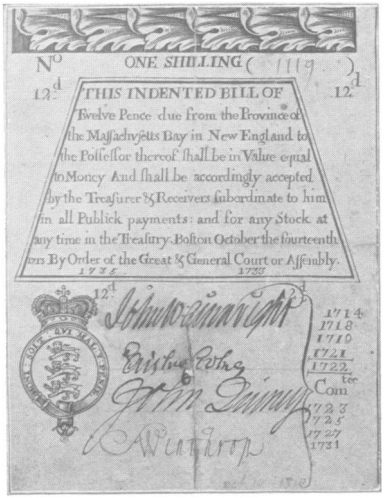
[2] Among the questions which had contributed to bring about this result were the following: The construction of a fort at Pemaquid; the fixing of stated salaries for the governor and lieutenant-governor; the protection of the rights of the Crown under the charter to spars from the woods of Maine for the royal navy; the import duty on English goods and the tonnage duty on English built

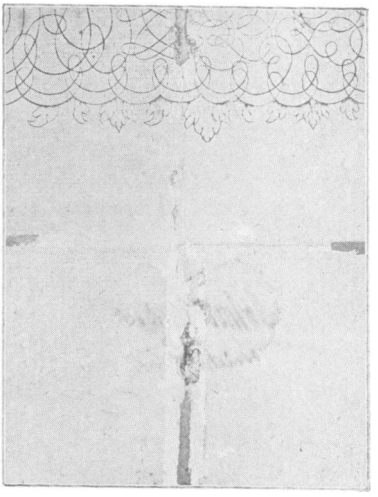
14th instruction and by its terms he was required to submit to the crown for approval all acts authorizing the issue of bills of credit unless the same were issued to meet necessary charges. The acts thus to be submitted were required to contain a clause suspending their execution until approved by the crown. Hutchinson makes the statement that this instruction was not occasioned by the bad effect of the bills upon the currency but by a complaint from some merchants of New York relative to a specific act passed by the New York assembly; whereupon to prevent similar acts in the future this instruction was issued.[1]

On the tenth of June the house inquired of the governor how this instruction was to be applied. On the 13th he requested the representatives to state what the difficulty was which they had encountered. They replied that the exception in the instructions was the cause of their trouble. Under this exception, bills could be issued for raising and settling a public revenue for defraying the necessary expenses of the government according to the instructions already given. Can the governor, said they, give his assent to an act or order for raising and settling a revenue, that is, by fixing a settled salary on himself and other officers in the government, without inserting the clause, that the act shall not take effect until approved by the crown, or must any act making such an allowance contain the clause referred to? This point was what the represen-

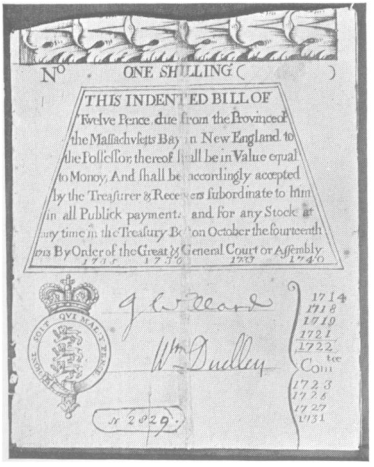
ships; the right of the governor to negative a speaker chosen by the house; the choice of notaries public; the adjournment of the house without the consent of the governor; the transfer of the court to Cambridge; interference on the part of the house with the campaign against the Indians; the method of appointing fast and thanksgiving days; and the approval of the disbursements prior to making the appropriations.

[1] History of Massachusetts, [ed. 1795] vol. 2, p. 222, note.

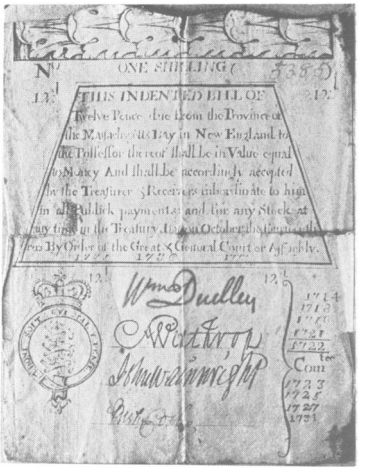




1*s.* bill, old tenor, 1713 set of plates. Apparently emitted in 1735. Winthrop's signature in red ink. The number (1119) also red. Indent trimmed off. Photographed by permission of the Lenox Library.



1*s.* bill, old tenor, 1713 set of plates. Apparently emitted in 1740. Has two signatures only. The number, 2829, is the cabinet number of the Essex Institute, by whose permission the bill was photographed. Size, 4⅛ in. x 5½ in.



1*s.* bill, old tenor, 1713 set of plates. Apparently emitted in 1736. Cooke's signature, red. Number of bill, red. Photographed by permission of the Library of Harvard University. Size, 4 in. x 5 in.

tatives wished to have cleared up and they felt themselves inadequate for the task since this instruction referred to other instructions which had not been communicated to them. Shute fell into the trap and submitted the question to the council, who unanimously decided that appropriations of this sort did not require the approval of the crown before they should become operative. A precedent was thus established which became of great value to the representatives in their discussions upon this point at a later day.[1]

This triumph of the representatives over the governor, and it may also be said over the Privy Council was to all intents and purposes the end of the conflict between the governor and the house on matters connected with finance, so far as the prerogatives of the office or the instructions under which the governor acted were concerned. During the remainder of the time that Shute was in the province the representatives occupied what time they devoted to this subject in a heated contest with the council, over the control of the disbursements under the supply bill. In 1721, the house inserted in the supply bill a clause limiting the application to the purposes expressed in the resolve in these words: "and for no other ends or uses whatsoever." To the use of this phrase the council demurred and for a time no appropriation was possible, each party to the contest as-

[1] These proceedings are set forth in full in the House Journal and will also be found in A collection of the proceedings of the Great and General Court or Assembly of his Majesty's Province of the Massachusetts Bay in New England containing several instructions from the Crown to the Council and Assembly of that Province, for fixing a salary on the Governor, and their determinations thereon, as also the methods taken by the Court for supporting the several Governors since the arrival of the charter. Published by order of the House of Representatives, Boston, 1729, p. 34.

serting that the responsibility for the situation rested with the other.

In March, 1722, a resolve was passed authorizing the issue of bills to meet the expenses of the government, in which the obnoxious phrase was not inserted, but the purposes of the house were accomplished through a clause at the end of each appropriation to the effect that the aforesaid amount was "to be drawn out of the Treasury for the ends and uses above appropriated only."

The sudden and unexpected departure of Shute from the province in 1723, produced consternation in the minds of the representatives. They assumed that he had gone to England and that his purpose was to lay his grievances before the crown.[1]

The overthrow of the projectors of the land bank, in 1714, temporarily checked the discussion of projects of that nature. It did not, however, entirely check the publication of pamphlets treating of matters connected with the currency. A writer in 1716 discussed the projects for banks which had been submitted by their friends.[2] He was a believer in paper money and thought the province might furnish it through loans to towns or better yet the business men of the province might organize a private bank and emit an adequate supply.

In 1719, another writer took up the subject and published two pamphlets in which he attacked the whole system under which the bills had been issued and

[1] That this was true is of course well known. The nature of Shute's complaints is to be found in Hutchinson, but if the student cares for the details of the proceedings before the Privy Council he must examine The Report of the Lords of the Committee upon Governor Shute's Memorial with his Majesty's order in council thereupon. 1725.

[2] Some considerations upon the several sorts of banks propos'd as a medium of trade and some improvements that might be made in this province hinted at. Boston, 1716.

demonstrated with clearness and vigor the many fallacies which existed concerning them.[1]

In 1720 and for a time thereafter the advocates of a private bank were quite active and there were numerous publications during this controversy. The first among these was a pamphlet entitled "The Distressed State of the Town of Boston," which was written by John Colman, whose subsequent connection with the Land Bank of 1740 made him notorious.[2] Undue importance was attached to this publication and the author was arrested in a criminal suit for libel. This resulted in the appearance of a number of controversial pamphlets most of them being of little importance.[3] Among the pamphlets brought forth at this time was one which contained a suggestion for a bank which should emit long term notes on security, the same to be paid in commodities.[4] Another advocated a resumption of

[1] The present melancholy circumstances of the province consider'd and methods for redress humbly proposed in a letter from one in the country to one in Boston. [Boston, 1719.]

An addition to the present melancholy circumstances of the province considered, &c., March 6th, 1718, 9. Exhibiting considerations about labour, commerce, money, notes, or bills of credit. [April 14, 1719. Boston, 1719.]

[2] The distressed state of the town of Boston, etc., considered in a letter from a gentleman in the town to his friend in the countrey. Boston, 1720.

[3] A Letter from one in the country to his friend in Boston containing some remarks upon a late pamphlet entituled "The distressed state of the town of Boston, etc." Boston, 1720. A letter from a gentleman containing some remarks upon the several answers given unto Mr. Colman's [sic] entituled "The distressed state of the town of Boston, etc. Boston, 1720. A vindication of the remarks of one in the country upon the distressed state of Boston from some exceptions against 'em in a letter to Mr. Colman. Boston, 1720.

The distressed state of the town of Boston once more considered, and methods for redress humbly proposed. With remarks on the pretended countryman's answer to the book entituled The distressed state of the town of Boston &c. With a schæme for a bank laid down and methods for bringing in silver money proposed. By John Colman, Boston [1720].

[4] Some proposals to benefit the Province. Boston, 1720.

specie payments upon a plan similar to the subscription loan which was attempted a few years later. Merchants were to borrow from the province public bills of credit and repay the province in silver.[1] The form of the bill which the writer proposed to emit is rather interesting since it states the value in proclamation money or rather in the standard established by the proclamation.[2]

A writer who believed that the prosperity of the country rested upon trade and that the amount of exports should exceed the imports in order that this should be advantageous, advocated the restoring and upholding of the public credit as a good way to end these controversies.[3]

[1] A project for the emission of an hundred thousand pounds of province bills in such a manner as to keep their credit up equal to silver and to bring an hundred thousand pounds of silver money into the country in a few years. [Boston, 1720.]

A series of satirical pamphlets was published in 1720 and 1721, the connection with each other being indicated by their titles. A part only of these publications has been preserved. The first of these was entitled News from Robinson Cruso's island [1720]. It was followed by Reflections upon reflections; or more news from Robinson Cruso's island. Another was called New news from Robinson Cruso's island, in a letter to a gentleman at Portsmouth, Cruso's island, printed in the year 1720. News from the moon [1720] is probably entitled to be classed in this series. The saddle set on the right horse, Cruso's Island, 1721, was advertised at this time. Mr. Trumbull gives some account of these pamphlets in the Brinley Catalogue.

[2] This Indented Bill of Five Pounds due from the Province of the Massachusetts-Bay in New England, to the Possessor thereof, shall be in value equal to Silver Money at seventeen Penny half pennyweight, & shall be accordingly Accepted by the Treasurer & Receivers Subordinate to him, in all Publick payments, and may be Exchanged at the Treasury for Five Pounds in Silver at Seventeen Penny half pennyweight, on, or at any time after the First day of December which will be in the Year of our Lord, 1721, &c.

[3] Reflections on the present state of the province of Massachusetts Bay in general and town of Boston in particular, relating to bills of credit and the support of trade by them; as the same has been lately represented in several pamphlets. New England, 1720.

An advocate of paper currency set forth his opinions in 1720 in a letter to an eminent clergyman,[1] and another holding similar views demonstrated in 1721 that the evils of the situation were to be traced to the extravagance of the people.[2]

The Reverend John Wise of Chebacco came to the rescue of the friends of a private bank in a long pamphlet in 1721.[3] This year was also signalized by the publication of an extremely valuable tract which contains a great deal of information difficult to find elsewhere in print. The author, who is opposed to paper money, devoted himself to an historical investigation of the origin of the bills and to a discussion of their effects upon the prosperty of the province.[4] After this the activity of the pamphleteers temporarily ceased.

[1] A letter to an eminent clergy-man in the Massachusetts Bay, containing some just remarks and necessary cautions relating to publick affairs in that province, printed in the year 1720.

[2] A discourse showing that the real first cause of the straits and difficulties of this province of the Massachusetts Bay is it's extravagancy, & not paper money, etc. By Philopatria. Boston, 1721.

[3] A word of comfort to a melancholy country or the bank of credit erected in the Massachusetts Bay fairly defended by a discovery of the great Benefit accruing by it to the the [sic] whole Province; with a remedy for recovering a civil State when sinking under desperation by a defeat of their bank of credit. By Amicus Patriæ, Boston, 1721. The authorship of this pamphlet was identified by Mr. Trumbull in his First Essays at Banking, etc., in New England. Another pamphlet entitled A friendly check from a kind relation to the chief cannoneer, founded on a late information dated N. E. Castle William, 1720, 21, was issued by the same author, being called forth by an attack on him in the form of an advertisement.

[4] The second part of South Sea stock, being an inquiry into the original of province bills or bills of credit, now in use in his Majesty's plantations, more especially in New England, with some thoughts relating to the advantage or hurt done by emitting the said bills. Boston, 1721.

CHAPTER IV.

THE CONTEST UNDER DUMMER AND BURNET.

Shute did not return to the province after his sudden departure in 1723. The representatives were correct in their conjecture that it was his intention to carry his complaints before the crown. It is not probable that he had any desire to renew the conflict on this side of the Atlantic. The responsibilities of the situation which he left behind him devolved upon the shoulders of Lieutenant-Governor Dummer, a man who thoroughly appreciated the difficulties with which he had to deal and who, while anxious to avoid conflict, was nevertheless desirous to carry out the royal instructions, under which the government was to be conducted. In the administration of affairs he found no relief either through the modification of these instructions or through any change of temper in the house. The representatives continued hotly to press their claims to control the disbursements made under the appropriations and were unwilling to pass any supply bill unless the same was so phrased that they could have a hand in auditing the accounts. In these contests they were accustomed to collate the various alleged misapplications of funds which they discovered in overhauling the accounts and publish them in the form of a series of what they termed "grievances".

In June of the year 1723, a resolve for the emission of twenty thousand pounds, so phrased as to cover the point above alluded to, was sent up to the council. The board passed the same but so amended as to restore

the power of supervising disbursements to the governor and council. These amendments the house rejected unanimously, whereupon the council voted to adhere to them. The representatives then passed an order that the whole question should be postponed to the next session, to the end that they might have an opportunity to submit the whole matter together with their list of grievances to the people whom they represented. To this the board replied that the postponement of the consideration of the supply of the treasury at a time when they were actually at war could not fail to be prejudicial to the interests of the province. They expressed surprise at the action of the representatives, the tendency of which was to keep up the misunderstanding between the board and the house, to misrepresent the action of the board to the people of the province and to subvert the very foundations of the government. They thought some amicable method could be devised to settle the difficulty and suggested a conference.

The representatives in reply expressed a willingness to furnish the treasury with a supply of money and claimed that the proposed restrictions and limitations were founded in reason; that the grievances which they had submitted were occasioned by violations of the authority conferred in previous appropriations; that the restrictions which they had imposed were in conformity with the powers granted to the General Court by the charter; and that it would have been a violation of trust not to have imposed them. They resented the language used by the board, asserted that they were ever ready to cultivate harmony between the two houses and concluded the discussion by sending up a new resolve for supplying the treasury. This resolve being still obnoxious in form was amended by the coun-

cil, and again the representatives unanimously rejected the amendments. In concluding the message announcing this disagreement, they stated that as they had done all that they could in consonance with security to the rights, privileges and estates of his Majesty's good subjects to procure an agreement on these points, and as there was no probability of its being accomplished, they were extremely desirous to have the court rise that day.

The board suggested that the house might at least make provision for what had already been spent under authority of that court, which could be done without leaving the disposition entirely under control of the governor and council and upon this basis, the representatives having carried their point, a resolve for the supply of the treasury was carried. In thus submitting, the lieutenant-governor and the council undoubtedly yielded what they regarded as prerogatives under the charter, rather than accept the perils which the representatives stood ready to incur in order to carry their point.

In 1727, the loans made under the £100,000 issue in 1716 matured. On the 1st of June, the lieutenant-governor called attention to the fact that he was instructed to take care that these loans should be retired and that the bills should be destroyed by May, 1728. He was also instructed, he said, not to approve any act for creating a paper currency without his Majesty's express leave for that purpose. On the 16th of June he showed his solicitude with regard to the £100,000 issue for loans, by requesting the assembly to make provision for the destruction of the bills which had already been paid in to the commissioners under the provisions of the act. On the 29th he approved a resolve authoriz-

ing the emission of £16,000 already in the hands of the treasurer, to be applied for current expenses.

Meantime, a committee on the bills of public credit had been appointed and had reported on the 22nd of June. In consideration of the distressed condition of the inhabitants of the province and in consequence of the scarcity of the bills, they recommended an emission of £50,000. These were to be acquired by calling in the bills in the hands of the commissioners which Dummer had just urged them to cause to be destroyed, and what was wanting to make up the £50,000 was to be furnished by the treasurer. The amount thus obtained was to be distributed to the towns, to be loaned to the inhabitants, and the interest on the loans was to be applied in support of the government. After six years the principal was to be paid in five annual payments of one fifth each. Provision was also to be made for the payment of so much of the £100,000 issue for loans as still remained outstanding, in ten annual payments of one tenth each. This committee was requested to prepare proper resolves to carry out the recommendations of the report. Dummer's request that they should cause the bills in the hands of the commissioners to be destroyed was thus met by an attempt to put them in circulation. His statement that he was instructed to see that the loans were retired was in turn met by a proposition to extend the time for their payment. He, therefore, sent in a message on the 5th of July stating that he would sign such a bill if a clause were inserted that it should not take effect until approved by his Majesty. This was accepted by the house for just what it meant and their reply to it was a postponement on the next day of the consideration of the tax bill to the next session. This

was followed by a discussion between the house and the lieutenant-governor on the question of the instructions which was concluded by the passage on the part of the representatives of a resolve which they knew would be ineffectual, authorizing the commissioners of the £100,000 issue for loans to let out any part of it which was in their hands. The lieutenant-governor was, perhaps, equally conscious that he was wasting his words when on the 18th of August he urged action towards bringing in these loans.

On the 25th of August, 1727, a contention began between the board and the house concerning the neglect of the house to make provision for calling in the issues of 1723–24. The board insisted that the promises then made should be redeemed and that it was the duty of the house to effect at once the legislation necessary for the purpose. Whereupon the representatives sent a message to the lieutenant-governor that having no business to transact they were ready to adjourn. To this, the lieutenant-governor replied next day that they had not passed a tax bill and that it was not for the honor of the province that they should adjourn. On the 28th the house replied to the message. They denied any knowledge of or responsibility for the engagements of a previous house. If any such were made under the supposition that they were for the benefit of the province and this house found that it would be detrimental to carry them out it was their duty to break such engagements. They then went on to say: "And whereas it seems to be the opinion of your Honours that the drawing in the bills at the time proposed is the only foundation of their credit, we cannot but be surprised thereat, since not one person of a thousand that takes one of them knows when it will be

called in, and yet very eagerly grasps all he can of them because he knows they will answer on all his private business and commerce, and also in all public payments as the Bill itself assures him, and that we take to be the reason of their credit and currency and not the promise of the Government when they are to be called in."

On the 30th of August the board took up the question of the necessity for legislation to redeem the promises made in 1723–24 when the issues of that date were made. They referred to the gross mistakes and misapprehensions of the house. They asserted that the board had justly and properly declared the engagements then made to be the "solemn promises of the General Court" and then said, "'tis, nevertheless, most true and will admit of no dispute that such as understand themselves and their interests in respect to these bills, do and must always value them in proportion to the punctuality that is observed by the government in calling them in at the times prefixed." The house made no answer to this, but sent a message to the lieutenant-governor that having no business they desired to rise.

On the 15th of December the opinion of the house was taken as to what it was their duty to do in the premises. Bills of credit had grown scarce and silver was sent to Great Britain, so that the funds for supplying the treasury in former emissions of bills of credit could not be answered and discharged by a public tax. Considering this condition of affairs, was it not the indispensable duty of the court to pass acts in conformity with the charter for the emission of enough bills to pay public dues without oppression to the tax payers? Would not the emission of a greater amount than was

necessary to discharge the debts of the government greatly tend to the public good? If this were not done would not the inhabitants be reduced almost to ruin? To all of these questions the house voted an affirmative reply.

On the 16th the board requested the house not to print the foregoing in their journal. They (the council) would take the matter up in a few days when they hoped there would be a fuller attendance of the members which seemed desirable for the proper consideration of the subject. This reply of the council was on the 18th referred to a committee by the house. On the 19th, the board non-concurred in the vote of the house on the foregoing questions, but stated that they were ready to join the house in issues of bills of credit which should be made in accordance with the charter and so framed that their value might be ascertained and properly secured. Before this proposition reached the house, the speaker in behalf of the committee to whom the request of the council that the house should not permit their action on the 15th to be incorporated in the published journal of their proceedings, had already reported. The house, this committee said, wanted to know whether the legislature would make more emissions. If the board should say no, then consideration of the matter was fruitless. As to the publication of what they had done, the house had no better way of showing the people whom they represented that they had been faithful in the performance of their duties. The message from the council was received by the house before this report was acted on but did not affect the result. The house being of opinion that the action proposed by the board was not of such a character as to alter their conclusions, adopted the report and sent it up to the council.

On the 10th of January, 1727, 28, the lieutenant-governor urged the representatives to take action on the appropriations. They replied that they had already passed resolves for the supply of bills of credit which had not been concurred in. There was no probability of an agreement being obtained so far as they could see and they, therefore, asked the lieutenant-governor to adjourn the court.

In order to secure relief from the supposed stringency of public bills and to reduce the complaints of the scarcity of money, a scheme was devised for fortifying a number of coast towns. The bills requisite for the purpose were to be issued and lent to the towns where the fortifications were to be constructed. Hutchinson calls attention to the fact that even Truro on the Cape was included in the list.[1] After repeated disagreements between the board and the house the bill, authorizing emissions for this purpose, was finally passed on the 26th of January, 1727, 28. On the 26th the lieutenant-governor asked the council whether it was consistent with his instructions that he should sign the bill without a clause requiring its submission to his Majesty. The answer was in the negative.

As a part of the proceedings through which the passage of the fortification bill in the council had been secured, a resolve for the enforcement of the terms of the mortgages given to the commissioners of the £100,000 for loans was simultaneously passed. If the mortgage loans were not paid in instalments covering a three years extension of the loan they were to be foreclosed. This concession had been made by the representatives in the belief that it would secure the assent of the governor to the fortification bill. The refusal of the

[1] History of Massachusetts, [ed. 1795] vol. 2, p. 296.

council to advise him that he could consistently sign it prevented this consumation from being attained. On the other hand they did advise him that he could consistently with his instructions assent to the method of bringing to an end the £100,000 loan. This produced great feeling in the house. Meantime the lieutenant-governor as well as several of the council were dependent upon their salaries, and as no provision had as yet been made in this direction, he on the 28th of January called for the passage of the salary act. He had approved every act, he said, except the fortification bill. The question of bills of credit was involved in that, he would have signed it but the council were of opinion that this was not consistent with his instructions. On the 29th the house expressed "an Universal Surprizing Concern" that the bill for whose birth the lieutenant-governor was himself responsible should have met with non-acceptance at his hands. They claimed that the instructions did not stand in the way of the passage of the bill and referred to the precedent in Governor Shute's time. "We cannot," they said, "but please ourselves, had a more general and proper question been put" to the council, that "they had given their advice to Your Honor to sign the bill." In consequence of this act of the lieutenant-governor's they felt obliged to refer other matters of consideration to the next session when, perhaps, something might be accomplished to relieve the people. If they should act now they would not be true to the trust reposed in them.

On the 30th the lieutenant-governor replied that he did not wish to protract the session and that they had done him injustice in suppressing in their published journal his answer wherein he had told them that he would adjourn the court whenever they should provide for the support of the government.

A temporary recess was then taken and on the 14th of February when the court was again convened, a committee was appointed to prepare a bill for the issue of a suitable sum of bills of credit. On the 15th an act was introduced for the emission of £60,000. This was so phrased as to avoid the obstacle placed by the instructions in the way of its approval. The house then made a formal reply to the lieutenant-governor's message of the 30th ult. They rehearsed the various resolves which they had passed to supply the government with funds and the resolve with reference to the fortifications to which they had agreed, all of which had proved ineffectual. They made an historical review of the various emissions of bills which had taken place and argued that under the charter the power was given them to pass such acts. They claimed that if the lieutenant-governor had taken into due consideration the language of the charter and the powers given him in his commission, in connection with the instructions, he might have signed the bill. They reviewed whot had taken place and claimed that they were not open to censure.

The bill for the emission of £60,000 was then put through, but the lieutenant-governor on the 20th of February announced that he regretted that he could not sign it. He had asked the advice of the council but they had not thought proper to give him any more advice. He had the satisfaction of knowing that he had done his duty to his Majesty, at the same time that he had a sincere desire to have answered the earnest expectation of the house.

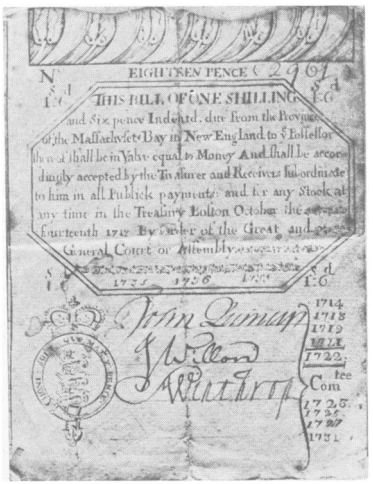
The house at once replied that the council which now refused to advise the lieutenant-governor had on the 26th of January been free with their advice and

they now requested the board to reconsider their action. This had the desired effect. A reconsideration was had by the council and a qualified approval of the bill given, sufficiently strong to serve as a defence for the lieutenant-governor in case he should be called to account for signing the bill. Dummer signed the bill February 21, 1727–28, and reported fully to the Lords of Trade what had taken place, saying that he conceived himself to be in a difficult and dangerous place.[1] The £60,000 emitted by this act were distributed among the towns in the same way as were the £50,000 emitted in 1721. The rate of interest on the loan was fixed at six per cent. which was to be paid to trustees. Two-thirds of the interest collected by the trustees was to be remitted to the province treasury—the balance was for the benefit of the towns. The bills were to be called in by taxes to be laid in the years 1734–38 inclusive.

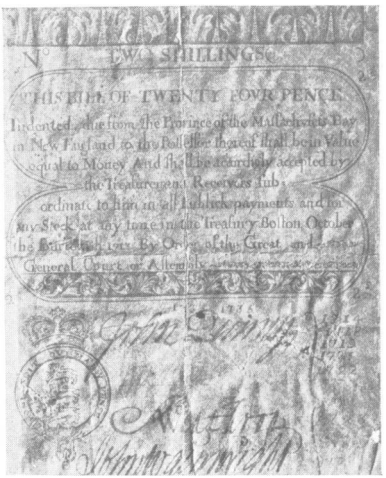
In the spring of 1728, Governor Burnet arrived in the province. He was a son of Bishop Burnet and had been governor of New York and New Jersey. He was an alert, quick-witted man, prompt to decide and quick to act. He was armed with the usual instructions as to salary, and was keen enough to convert the pompous demonstrations on his arrival into an argument that the province could afford to settle a suitable compensation upon the governor. There was much to hope for in the welcome with which he was received and had he been a man of different temperament it is quite possible that he might for a time at least have had a peaceful administration. His views as to the powers of the crown and the dependency of the colonies were, how-

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 470.

Plate 6.



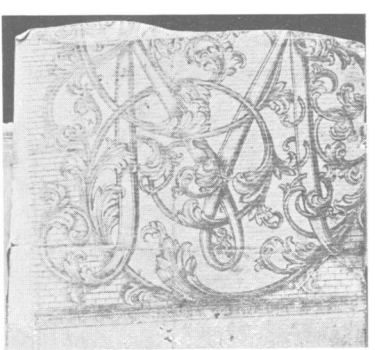
18*d.* bill, 1713 plates. Winthrop's signature, red. Number of bill, red. Photographed by permission of the Library of Harvard University. Size, 4⅛ in. x 5½ in.



2*s.* bill, 1713 plates. Second signature, red. Photographed by permission of the Massachusetts Historical Society. Size, 4⅛ in. x 5⅛ in.



5*s.* bill, 1713 plates. Photographed by permission of the Library of Harvard University. Two lower signatures, red. Size, 4⅛ in. x 5½ in.



5*s.* bill, 1713 plates. The pattern on the back is buff-colored.

ever, inconsistent with any such result and the arrogant manner in which he bore himself served to intensify the conflict and to widen the breach between the assembly and the royal governors.

During his entire administration, he was engaged in a controversy with the house and among the topics on which they differed the currency was one. On the 20th of August, 1728, he communicated to them the fifteenth instruction which had been given him. It was that "you do not give assent to or pass any Act in our Province of the Massachusetts Bay under your government whereby bills of credit may be struck or issued in lieu of money unless a clause be inserted in said Act directing that the same shall not take effect until the said Act shall have been approved and confirmed by us." September 17th in a message he accused the house of having used their power of withholding supplies "to compel the Lieutenant Governor unto a compliance." The fall of the bills of credit he attributed to the lack of a sufficient check on the part of the other branches of the government. To this the house replied on the 19th that the true reason of the decline of the bills was that they "were not made a tender in all payments whatsoever." As to the coercion of the lieutenant-governor they thought the council had upon deliberation changed their minds. On the 24th Burnet told the house that to extend the legal tender attribute of the bills would make them fall lower. "Liberty is the life of credit," said he, "and force its greatest enemy."

Burnet had from the outset been anxious to enforce that part of his instructions in which he was urged to secure for the governor a fixed salary instead of an an-

nual appropriation for services. He had recommended to the Board of Trade that the £60,000 loan be permitted to stand, provided the interest should be appropriated for the salary of the governor, and on the first of October he announced to the house that there was reason to apprehend that the bill would be disallowed. This was one of the last moves taken by the governor in the animated discussion concerning the fixing of his salary. He had already without effect advised them to take care that their proceedings did not bring the charter into danger. In this instance, the house had but little to fear from a disapproval. The bills had already been issued and there was no practical method in which a disallowance of the bill on the part of the crown could be enforced. On the 23rd of October the house declined to carry out his suggestion and on the 24th he adjourned the court to meet at Salem on the 31st where, as he said, "prejudice"—referring to the stand upon the salary question taken by the Boston Town Meeting—"had not taken root and where, of consequence, his Majesty's service would be better answered."[1]

He had expressed the opinion that the house had undertaken "to compel" Lieutenant-Governor Dummer "unto a compliance", and he soon found himself in a position where he could exercise powers of the same sort. No appropriation could become effective until he should sign it; the representatives therefore could not get their own pay except by his consent. April 18, 1729, when the court was dissolved, he said to the house, "You may be desirous to know why I have not yet signed an order upon the treasury for your pay, but if you consider that near a third part of the time of the

[1] Hutchinson's History of Massachusetts, [ed. 1795] vol. 2. p. 316.

sitting of the general assembly since my arrival has been rendered useless by your refusing to do the business of the province, it may justly appear doubtful whether the towns ought to bear an expense, the sole end of which was defeated for so long a time by that refusal, though I confess this does not relate to those members who were of another opinion."

At the next session of the court, a resolve was passed on the 4th of July, 1729, appropriating £20,000, the form used being the same as had been customary. This the governor disallowed, saying that he did not think it proper to consent to any form for the supply of the treasury but what was practiced before 1721, thus reviving the old contest of the days of Shute. The house replied that this question had been the source of many disputes between the two houses which had been prejudicial to the welfare of the province; that the form had been determined upon after many solemn debates and had been consented to by the commander-in-chief; and further they believed it to be conformable to the practice of parliament. At the next session an unsuccessful attempt was made by the house to put through a similar resolve in the same form but this time the council took up the battle and amended it, which resulted in its failure.

Burnet's death in September put a stop to the quarrel. Notwithstanding his persistent efforts to carry out his instructions to the letter and the uninterrupted hostility of his relations with the house of representatives, he was honored and respected by them and the ceremonies of his burial were as pompous as those of his reception by the province.

After his death Dummer again assumed control of the government. The contest over the questions

which Burnet had raised were still possessed of much vitality but Dummer was more compliant in his nature and the conflict between the lieutenant-governor and the General Court was not so violent.

During the period which we are now considering the hard-money men began a struggle for the resumption of specie payments which shows itself in the records of the legislative proceedings of the province from 1728 to 1739 inclusive. The culmination of the struggle in 1738 and 1739 was characterized by defeat under circumstances which must have made it particularly hard for them to bear, because it is evident that they were hopeful of success. The details connected with the attempt at this later date will be considered in their chronological order in the narrative. Mention of the affair is made here simply because in the vague and shadowy outline which we obtain of certain events which took place in 1728 and 1729 we can trace the beginning of a movement which at a later date can be followed to the minutest detail of performance.

In February, 1727–1728, a committee was appointed to receive and consider, in the recess of the court, any scheme for retrieving the value of the bills of credit or for making a suitable provision for a medium of trade, and this committee was authorized to take subscriptions of any persons for the fulfilment of such scheme or schemes, and make report thereon.[1]

December 20, 1729, a bill which had been introduced some days before, entitled "An Act for retrieving and ascertaining the value of the Bills of Credit on this Province" was read a second time, and it was ordered that the bill should be printed with the amendments then made, and that the further consideration thereof

[1] Mass. Court Rec., vol. 14, pp. 47, 48.

be referred to the next session of the court and that in the meantime a committee should take subscriptions of such gentlemen as were willing to subscribe as undertakers in that affair and report to the court thereon. The pages of the house journal do not indicate the nature of these subscriptions, but in 1736 a pamphlet was published in which a scheme was propounded for the emission of bills, the value of which should be expressed in a fixed rate of silver, which bills were to be loaned to merchants, the borrowers to repay their loans in silver.[1]

In this pamphlet the author states that the scheme which is therein advocated had already been submitted several times to the consideration of the assembly. As if to help us in determining the actual character of these two attempts to secure subscriptions for the purpose of retrieving the value of the bills of credit, we find the name of Thomas Hutchinson, the father of the governor, on each of the committees appointed to receive subscriptions. It is not perhaps assuming too much to say that the schemes advocated by Thomas Hutchinson, senior, which were submitted in 1738 and the spring of 1739, for securing a return to specie payments, through loans to merchants, of bills valued at a fixed rate in silver, which loans were to be repaid in coin, probably represents what was attempted in 1728 and 1729.[2]

[1] A letter to a member of the honourable house of representatives, etc., etc., 1736. There is good reason to attribute the authorship of this pamphlet to Governor Hutchinson. See my paper entitled A search for a pamphlet by Governor Hutchinson, read before the Mass. Historical Society, February, 1899.

[2] The first trace that we get of legislative action in this direction is in 1728, but it will be remembered perhaps that in 1720 a pamphleteer propounded a scheme for bringing in silver to the Treasury through loans which should be paid in coin. A project for the emission of an hundred thousand pounds of province bills, etc., etc. [Boston, 1720.]

The discussion after 1741 was mainly devoted to questions relating to the currency. In 1743, there was a notable contribution to it in the form of an inquiry into the state of the bills of credit, which was written by some person thoroughly familiar with the subject.[1] The pamphlet contains much valuable information not otherwise accessible.

The inclusion of Massachusetts and Connecticut in the denunciations against Rhode Island led a writer to enter upon the discussion in 1744 for the purpose of protesting against it.[2] His pamphlet has but little value. These publications did not entirely cease even after the adoption of the plan for resuming specie payments.[3]

[1] An enquiry into the state of the bills of credit of the province of the Massachusetts Bay in New England in a letter from a gentleman in Boston to a merchant in London. Printed in the year 1743. There is reason to believe that a title which appears in some of our catalogues, Thoughts upon the state of the paper currency in New England, does not in fact refer to a separate publication, but is merely an alternative title for An enquiry, etc.

[2] A letter from a gentleman in Boston to his friend in Connecticut, Boston, 1744. While the pamphlet has but little value it puts us upon the track of a publication entitled Heads proposed for an act of parliament, to regulate and finally suppress paper currencies in the provinces and colonies of Massachusetts Bay, New Hampshire, Connecticut and Rhode Island, in New England in North America and to ascertain their currencies in all times coming, which was obviously from the pen of Dr. Douglass.

[3] A writer who was opposed to this plan but had one of his own, disclosed it in 1748 in A word in season to all true lovers of their liberty and their country; both of which are now in the utmost danger of being forever lost. By Mylo Freeman, &c., Boston, 1748. Another, in 1749, reviewed the situation in A brief account of the rise, progress and present state of the paper currency of New England, etc., etc., Boston, 1749. A third proposed to apply £100,000 in silver to the reduction of the currency, and leave £800,000 O. T. for currency.—Some observations relating to the present circumstances of the province of the Massachusetts Bay; humbly offered to the consideration of the general assembly, Boston, 1750. Another would retain what silver was left in the province treasury. He would pay current expenses of the govern-

ment in coin and to meet the emergency would levy the taxes in silver. He proposed that a bounty should be granted to every young couple who should lawfully marry and settle in the province and that a reward of twenty pounds should be paid to them on the day after their first male child was christened. He did not object to the circulation of the bills of the neighboring governments if at a discount.—Massachusetts in agony: or, important hints to the inhabitants of the province: calling aloud for justice to be done to the oppressed; and avert the impending wrath over the oppressors. By Vincent Centinel, Boston, 1750.

CHAPTER V.

THE CURRENCY, 1702–1730: DEPRECIATION AND REMEDIAL LEGISLATION.

The revival of the bank controversy which again attracted public attention in the third decade of the century seems to have been due to the conditions under which the province bills were put forth after 1730. For a better appreciation of what the changes were which then took place, and for a clear understanding of the causes which led to them, a review of the history of the currency issues is essential. The depreciation had by this time called forth a volume of remedial legislation and propositions for laws, so great that their consideration at this point is also forced upon us. In a general way, a statement might be made in a few words which would comprehend the events during the period and fix the responsibility for the results with reasonable judgment. The task of analyzing the details of these events is full of difficulty and the prospect of reward through the discovery of new material which shall throw light upon the subject is slight indeed. Nevertheless it would be an evasion of an obvious duty in the treatment of the subject to accept, without further effort, the conclusions of such writers as Hutchinson and Douglass, and it may, perhaps, be a satisfaction if we shall discover at every turn precisely the results that might have been predicted from surrounding conditions.

Up to 1702, the annual issues and re-issues of the colony currency were accompanied by a statement in the several acts authorizing them, that "the present tax," that is, the tax of that year, was a fund for the retire-

ment of the bills. In 1702, the practice was begun of postponing the time for levying the tax through which the bills should be called in. At first it was for one year. In 1704, the retirement of a part of the issues was carried forward to two years. In 1707, the time was lengthened to three years. In 1709, a part of the issues were not to be provided for until five years had elapsed. In 1711, the limit reached six years, and in 1714, another year was added. In this manner the dates for levying the taxes which were to retire the bills were from time to time postponed until 1722, when £6000 were issued not to be called in for thirteen years. Then an effort was made to cure this evil, and for a brief time short periods were assigned for retirements. These, however, were again lengthened, until, in 1730, £13,000 were issued which were not to be called in until 1741. In addition to this, the representatives in 1715, refused to make provision for calling in all the bills which by the terms of the funds established when they were issued, then matured, and after a prolonged struggle carried their point and postponed the retirement of a part of the issue seven years longer.

The effect of the redundancy of the currency; of the postponement of the dates at which provision was to be made for calling it in; and of the failure to abide by the terms of the acts of issues, is shown by the course of sterling exchange and by the movement of the price of silver. It is important, however, to bear in mind that quotations are invariably given in terms of "lawful money."

The rates of silver covering this period are to be found in the draft of an "act for the regulating, ascertaining and fixing the value of the bills of publick credit and for rendering the payment of debts more equitable and thereby to prevent any oppression or injury to debtors or

creditors."[1] This act was introduced and read twice in the council, but failed to pass. It is however equally available for our purpose.

Year.	Rate.	Year.	Rate.	Year.	Rate.
1710	8*s.*	1716	10*s.*	1722	14*s.*
1711	8*s.*	1717	10*s.*	1723	15*s.*
1712	8*s.* 6*d.*	1718	11*s.*	1724	16*s.*
1713	8*s.* 6*d.*	1719	12*s.*	1725	16*s.*
1714	9*s.*	1720	12*s.*	1726	16*s.*
1715	9*s.*	1721	13*s.*	1727	16*s.*

During the period of the decline of the notes the influence of the governors and of the council, especially after the decline became sufficiently pronounced for them to recognize the causes, was as a rule on the side of conservatism. They had no remedy to propose, but the governors in their speeches repeatedly pointed out the evils which would arise from failure on the part of the assembly to call in the notes at the appointed time, and the council many times refused to concur in bills which postponed these retirements. The effect upon those who were depending upon fixed incomes payable in current funds very soon manifested itself, and in a similar way the post office department was affected. Its charges were fixed and no compensation was possible for the loss occasioned by the decline of the currency. In 1713, the department complained to the Board of Trade that it could not get its dues for this reason.[2]

The governors not infrequently pointed out that the allowances made them for their services ought to be in-

[1] Felt gives this list, Historical account Mass. currency, p. 83.

[2] Board of Trade Journal, quoted by Palfrey, History of New England, vol. 4, p. 332. The post-master general soon complained to the lord-treasurer "of the loss which that branch of her Majesty's income in North America is like to suffer, by the currency of paper bills." Chalmers' Introduction to the history of the revolt of the colonies, vol. 1, p. 320, or p. 346 of the reprint, Boston, 1845.

creased proportionately to the diminution in the purchasing power of the bills, and the members of the board and of the house took care that their own per diem pay was suitably adjusted. "I own some part of this community can fence against this evil," said Governor Shute in 1716, "and ward it off from themselves by advancing their commodities, but the other part must unavoidably suffer. All rents must fall of consequence, and what will your ministers do, who are highly worthy of their salaries, how heavily it will fall upon them and their families, when what they are paid in grows low in value and their necessaries in life are daily advancing."

Hutchinson writing concerning affairs in 1720, says: "The depreciation was grievous to all creditors, but particularly distressing to the clergy and other salary men, to widows and orphans whose estates consisted of money at interest, perhaps just enough to support them, and being reduced to one half the former value, they found themselves on a sudden in a state of poverty and want. Executors and administrators, and all who were possessed of the effects of others in trust, had a strong temptation to retain them. The influence a bad currency has upon the morals of the people is greater than is generally imagined."[1]

The clergymen of the province felt keenly the effects of the depreciation and an occasional reference in a published sermon shows that they introduced the subject in the pulpit. The following quotation will illustrate their method of treatment.[2]

"Is not the depreciating the bills of publick credit matter of provocation?

[1] History of Massachusetts (ed. 1795), vol. 2, p. 210.

[2] An answer to some cases of conscience respecting the country, by Solomon Stoddard, A.M., pastor in Northampton. Boston, 1722. p. 3.

Answer. It must needs be, for great wrong is done to many persons who have received them according to their denominations; and have been forced to put them off as if they were of less value. Some men are able to help themselves, by getting greater wages for their work, and advancing the price of what they bring to the market; but others have been great sufferers by this practice; and if ever the bills are called in; such as are in debt, either to the publick, or to particular persons, will be great loosers. It may be some of them will be undone thereby. The temptation to the merchants was to get the money into their own hands, that thereby they might make returns to England. They would give thirty shillings in bills for twenty in silver."[1]

In a discourse preached on fast day, January 1747–48, the Rev. Nathaniel Appleton referred to the effect of the depreciation of the currency upon incomes and salaries. He pointed out how it affected officers and soldiers, widows, fatherless children, school masters, priests, the Lord's ministers and many others who live upon stated salaries. What he said about widows has been often quoted but will bear repeating: "Is there not the cry of *many widows*, who have taken up with a certain sum, or income, in paper bills, instead of their *dower*; that the value thereof is sunk in such a manner, and will purchase so much less of the necessities of life than at first, that they are brought into great difficulties for a living; and can get no redress." This sermon was published[2] and in a note the author pursued the subject as follows:

[1] Lindsay Swift in his paper on the election sermons read before the Colonial Society of Massachusetts in December, 1894, refers to several election sermons in which the topic was discussed. Publications of the Col. Soc. of Mass., vol. 1, pp. 417–418.

[2] The cry of oppression where judgment is looked for and the sore

"I am credibly informed of an ancient widow, whose husband died more than forty years ago, who had *three pounds* a year settled upon her, instead of *dower;* which *three pounds* would at that day, and at the place where she lives, procure toward her support, the following articles; viz: Two cords of wood, four bushels of Indian corn, one bushel of rye, one bushel of malt, fifty pound of pork and sixty pound of beef; which would go a considerable way towards the support of a single woman. Now she can at most demand but *seventeen shillings and three pence*, new tenor; which is but about an eight part of her original three pounds; and be sure won't purchase more than half a quarter of the above necessaries of life; and this she must take up with, because there is no remedy in the land for her. And this is, in measure, the deplorable case of many widows in the land."

On the 14th of January, 1725, 26, Warham Mather enclosed in a letter to Judge Sewall an argument against the emission of more paper money.[1] The author of this document classifies the sufferers from the inflated currency under seven headings: 1, ecclesiastical men; 2, orphans; 3, demandants on bills and bonds; 4, merchants having book debts; 5, lessors on long leases; 6, public officers; 7, the whole country.

During this period a practice was established of paying laborers in orders upon shops. This was nominally based

calamities such a people may expect from a righteous God: illustrated in two discourses from Isaiah, V. vii, on January 28th, 1747, 8, which was set apart by the government for fasting and prayer, etc., etc., etc. By Nathaniel Appleton, A.M., Pastor of the First Church in Cambridge. Boston, New England, 1748, pp. 34, 35.

[1] Address in opposition to issuing more paper money. A speech without doors touching the morality of emitting more paper-bills. Sewall's Letter Book, vol. 2, Coll. Mass. Hist. Soc., 6 series, vol. 2, pp. 235–239.

upon the stringency of the currency and while it was in its infancy did not attract much attention. At a later date these orders, although the volume of them never could have been large enough to have seriously affected the currency, were still sufficiently in evidence to be christened "shop notes," under which title they are frequently alluded to. The writer of a pamphlet in 1720 refers to "men who turn poor laborers and tradesmen off with one half or two thirds goods," showing that the process was then sufficiently pronounced to attract attention.[1]

The town of Boston in a petition to the governor[2] December 29, 1735, complains that the abundance of European goods imported "exposed the inhabitants to appear in extravagant garbs, who would gladly avoid the same were they to receive money in lieu of their labor, manufactures and trade." The petition goes on to state that "they can not be paid but by notes on shops, which can not be avoided though allowed to be very pernicious."

Douglass, writing in 1739 concerning wages, says that they are reduced by obliging the laborer "to take one half in shop goods at 25 per cent. or more advance above the money price."[3] Another writer refers in 1740, to a pernicious practice and cheating method of substituting drafts on shops in the place of a medium to pay artificers and poor laborers.[4] The caulkers in 1741

[1] A letter from one in the country to his friend in Boston containing some remarks upon a late pamphlet entituled The distressed state of the town of Boston. Boston, 1720, p. 3. The author of Second part of South Sea stock says the same thing, p. 16.

[2] Boston Town Records, 12th report record commission, p. 121.

[3] A discourse concerning the currencies of the British plantations in America, etc., p. 23.

[4] A letter from a country gentleman at Boston, etc., etc., 1740. p. 4.

alleged that they had for "many years labored amid great inconvenience and had suffered much damage, wrong and injury, in receiving pay for their work by notes on shops for money or goods."[1]

One incident that occurred in the summer of 1711, is of interest in connection with the phase of the subject which we are now discussing, not only because we can obtain through its examination the details concerning a temporary loan of public bills effected at that time, but also because it furnishes us with one of the official statements of the rate of exchange, which we are enabled to pick up from time to time. General Hill and Admiral Walker were about to undertake a joint expedition against Quebec. The combined forces of the army and navy were compelled to lay in supplies in Boston. The amount required was so great that all New England could not furnish it and prices rose in response to the demand. The first effort of the government was to check this by legislation and an order was passed "that no provisions, liquors or other things necessarily demanded for the service be any ways enhanced in the price thereof by reason of that occasion, but be had and taken at the ordinary market prices they stood at, at the time of the arrival of his Majesty's ships, the eighth current, with certain intelligence of the said designed expedition." It was proposed to pay for what supplies could be procured with bills of exchange on the Victualling Board, but the pay masters were unable to come to terms with the merchants of Boston. The governor and council were consulted and Sewall in his diary gives a quaint account of the meeting at which this consultation took place, entering into details as to the position at the table of the

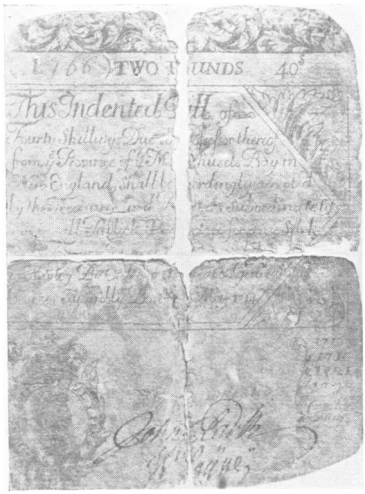
[1] News Letter No. 1926. February 19, 1741.

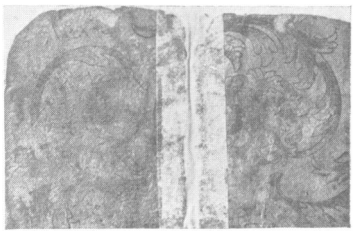
governor, the general, the admiral, the paymaster and the secretary, which bring the scene vividly before the reader. At this meeting the "Admiral had sharp discourse about the merchants offering but twenty per cent. for exchange," and "threatened to be gone somewhere else with the forces." On the representation of the paymaster general the council voted to loan two thousand pounds, but Sewall was not content with this action. He thought the motion should come from the general, which was conceded, and on the motion of the secretary the transaction was reduced to writing. This account of the meeting winds up with a statement that the "vote called for was in the presence of the above mentioned gentlemen," from which it may be inferred that the council were perhaps influenced by their presence which may have operated as a pressure to produce favorable action.[1]

It is difficult to conceive how the council could have loaned the two thousand pounds referred to by Sewall. Perhaps the vote was merely initiative and subject to confirmation by the representatives. At any rate this amount was certainly inadequate for the needs of the expedition and it appears from documents in the archives that the government was practically unable to do anything until the General Asembly should be in session. When the Court met the matter was arranged by a loan of bills of credit for two years to a number of Boston merchants who furnished the supplies, taking their pay in sterling bills of exchange, the rate of which was fixed at an advance of 40 per cent. The loan effected upon this occasion was in two instalments. The names of the subscribers to the first instalment of £40,000 are

[1] Sewall's Diary, vol. 2, Coll. Mass. Hist. Soc., 5 series, vol. 6, p. 317.

Plate 7.





This bill for £2 bears date 1714, and was emitted after 1721, the date of the emission being indistinct. The bill is discolored and much reduced in size by wear and trimming. It now measures 3⅜ in. x 4½ in. Photographed by permission of the Massachusetts Historical Society.



Size, 1½ in. in diameter.



Size, 1½ in. square.



Size, 2 in. in diameter.

Parchment tokens emitted in 1722. Photographed by permission of the Library of Harvard University.

enrolled upon the court records and on the twentieth of July the members of the committee who obtained the subscriptions were publicly thanked. On the twenty-first a resolution was passed authorizing a loan of £10,000 more, on the same terms, and it is in this second instalment that the rate of exchange is fixed at an advance of 40 per cent.[1]

This transaction not only furnishes us with a rate of exchange, but gives us the details of a subscription loan. The recording the names of the subscribers on the court records indicates that patriotic motives influenced them.

The £50,000 loaned at this time should have been returned to the treasury in 1713. The ability of the merchants who had borrowed the bills, to meet the obligation thereby incurred, rested upon the manner in which the exchange drawn by them upon the home government should be met. Payment of the exchange thus drawn was not fully made for several years and the issue of 1711 was in consequence kept out for some time beyond the period when by their terms the loans matured.

Notwithstanding the fact that this unusual quantity of bills was in circulation in 1714, there was an apparent stringency of the circulating medium which led to a controversy as to the best way of relieving it. Certain persons wished to organize a bank of issue which should lend its notes at interest upon real security, others wished the province to perform this function and re-

[1] The foregoing is set forth in Mass. Court Rec., vol. 9, pp. 118, 129 134, 135, 137, 138. See also A journal or full account of the late expedition to Canada, etc. By Sir Hovenden Walker, Kt. London, 1720.

The exact amount loaned at this time is said to have been £48,623, 16*s.* 8*d.* An enquiry into the state of the bills of credit of the Massachusetts Bay in a letter from a gentleman in Boston to a merchant in London, 1743, p. 6.

ceive the benefit of the interest on the loans. The details of this controversy between what were then termed the private and the public bank are voluminous and would require for their narration more space than can be given here.[1] It is enough for our purpose to say, that the policy prevailed of effecting relief for the supposed want of a circulating medium through the issue of £50,000 in public bills which were loaned to the inhabitants of the province on real security. It was stated in the preamble to the act through which this was accomplished, that the public bills of credit had long and happily supported the government in the long and expensive wars with the French and Indians; that they had served as a medium of commerce in the business of of the province and had greatly facilitated the payment for goods imported from Great Britain and other places, but they had now grown scarce and few of them were passing in proportion to the demand for the same, whereby payments of all sorts were hindered and business obstructed. It was to afford relief for these difficulties as well as to prevent the inconveniences that might arise through any private projections for providing some other medium of exchange, that the issue was to be made.

The superintendence of the lending of these bills was lodged in the hands of trustees who were to attempt a geographical distribution of the loans proportioned to the amounts contributed by the several towns to the public tax.

Some idea may be gained with regard to the effects produced by the steady depreciation of the bills through an examination of the remedial legislation proposed or

[1] They are to be found in Part II which treats of banking.

actually passed during this period. As early as 1697, it was noticed that the precious metals were leaving the country and an act was passed to prevent the exportation of money or bullion. Another feature was the exodus of the copper money, to remedy which individuals intervened and stamped and emitted pieces of brass and tin at the rate of one penny each. This was forbidden by the General Court.[1] By 1706, the decline had become sufficiently pronounced to call for the appointment of a committee by the council to consider ways and means for supporting the credit of the public bills and methods for the payment of soldiers and others without the further use of certificates. The labors of this committee came to naught, the house not being willing to accept its conclusions, but the radical difference between the views of the two bodies on one of the recommendations is worth noting as a sign of the times. One of the troubles recognized by the council was the circulation of the debentures or certificates issued to soldiers and seamen, and this they wished to stop. The house not only refused to join them in this, but passed an order that a bill be brought in to make them pass as formerly. In 1718 an act for prohibiting the exportation of money and bullion was carried through to the point of engrossment, and in 1720, a bill was introduced for "prohibiting the selling and buying money at greater rates than they were set at and ascertained by an act of parliament." No conclusion was then reached but the bill was again brought up in 1721 when it failed of passage.

The dependence of the community, upon the bills of credit as a medium for the settlement of debts had become so great by 1712 that it became necessary to clothe

[1] Acts and Res. Prov. Mass. Bay, vol. 1, p. 445.

them with a quasi legal tender function. It was then enacted that a tender of payment in bills of credit should prevent the issue of an execution. It was evidently thought when the act was passed through which this was accomplished, that the situation was one for which there would be relief in the near future, for this law was only temporary in its operation. When by its terms it expired, it was succeeded by another temporary enactment of the same nature, and this by another, and so by successive acts this quality was maintained until October, 1741. The cause for this act is directly attributed by one writer to the £50,000 loan of 1711. The effects of so large an issue were, he says, "that silver began to be hoarded by some, and exported by others in large quantities, and the bills became the only measure and instrument by which all private trade and dealings were regulated and managed."[1]

In 1720, the evil of the redundant circulation was recognized as one for which no one government was exclusively responsible and for which no remedy would be available which was not participated in by all the governments of the New England colonies. A committee was appointed which was composed of individuals from each of the New England governments, to whom the subject was referred for recommendations. They reported that there ought not to be any more loans; that no more bills ought to be issued each year than were sufficient to meet the charges of the governments and that these should be invariably called in according to the terms of the acts under which they were issued. These recommendations, as far as they went, were beneficial in their

[1] A brief account of the rise, progress, and present state of the paper currency of New England, etc., etc. Boston, 1749. p. 4.

nature and if they had been squarely adopted would have greatly ameliorated the situation.

The decline of the currency was, of course, in favor of the debtor class. In the first thirty years of the century the discount had reached about forty per cent. Traders were accustomed at that time to give long credits, and a variety of questions must have arisen between creditors and debtors as to the rate at which payments were to be applied when the latter were sluggish in meeting their obligations. Notwithstanding the attempt in 1712 to confer upon the bills the qualified legal tender function, it is obvious that the tradesmen resisted payments of old accounts in currency which was of less value when the payment was made than when the debt was contracted. In 1716, a proposition was made to the house which was doubtless intended to have some influence upon this question. A clause was attached to a report on one of the proposed bills for emitting currency, to the effect that a bill be drawn that all debts contracted after the publication of this act, should carry interest after one year from the time that they were contracted. The attempts of the tradesmen to protect themselves against loss on their long standing accounts through the continuous course of depreciation on the part of the bills raised a protest in 1718, against what was termed double payment and an attempt was then made on the part of the General Court to reduce the probability of controversies on this point by the passage of an "act for the regulation and limiting credit in trade and for preventing double payment of debts." For the space of five years from the passage of this act, the statute of limitations in so far as it applied to ordinary debts and book accounts was curtailed to two years. We may infer that this

remedy was not favored by either debtors or creditors. The man who required credit was not likely to approve of any legislation the tendency of which was to restrain his capacity to run in debt. The tradesman who had been in the habit of carrying a load of open accounts with men who were slow in making payments must have found the curtailment of the life of debts and book accounts a serious interference with his business. It is not surprising, therefore, to find that at the expiration of the limit of the act, in 1723, the Boston merchants petitioned the court not to renew it. A new act was then passed which gave creditors three years more in which to collect their debts. When this act expired, matters reverted to the former custom under the statute of limitations. An attempt was made in 1727 to remedy the evil in another way. An act was then introduced "for the regulating, ascertaining and fixing the value of the bills of publick credit and for rendering the payment of debts more equitable and thereby to prevent any oppression or injury to debtors." Although this did not become a law, the measures therein proposed indicate that the community was still urgent for relief, through legislation, from the evils which the act of 1718 had failed to cure. In the preamble of the proposed law, it was stated that the bills of public credit were the only medium of exchange; that they ought to be of certain and unalterable value but experience had shown that since 1710 they had varied in value from time to time and that in a like manner similar changes might be expected in the future. In consequence of this, creditors had been and might be "prejudiced in their just dues", and debtors might be oppressed. As a remedy for these evils it was proposed to determine the rates at which silver had been valued, from year to year,

beginning with the year 1710 and ending with 1727. Debts were to be made payable in bills of public credit and were to be estimated by means of the values fixed in this table, the date of the estimate being taken at the time of the maturity of the debt.[1]

While following to this point the various attempts at legislation for the adjustment of the differences between debtors and creditors which arose from the decline of the currency, we have necessarily passed the dates at which certain events should have been narrated, if it had been deemed important that they should be dealt with in exact chronological sequence. One of these, mention of which has already been made, was the introduction in the house, March 16, 1721, of a bill "for prohibiting the selling and buying of silver money at greater rates than they were set at and ascertained by an act of parliament." The parliamentary statute here referred to was the one which was passed for enforcing the proclamation by Queen Anne fixing the rates at which foreign coins should pass in the plantations. On the 15th of March, the governor had called the attention of the General Court to the depreciation of the bills of public credit and had urged some remedial action. The house replied to this part of the governor's speech on the 21st. They agreed with him that further emissions would depreciate the bills and they had, therefore, passed a bill prohibiting the buying, selling, bartering or exchanging silver at higher rates than those set in the act of parliament. "In our humble opinion," they added, "had such an act been made by the government at the first issuing out of the paper bills, they had to this day

[1] Mass. Arch., vol. 101, no. 473. Referred to by Felt in his Historical account of the Mass. currency, p. 83. The table showing the value of silver each year, 1710–1727 has already been given, p. 90.

been in equal value and credit to silver." The bills were at a discount of over fifty per cent. when this statement was made and the futility of legislation of this character was so apparent to the council that when the bill came before them the next day, they unanimously non-concurred in its passage.

June 17, 1724, a joint committee was appointed to consider of some proper method for retrieving the value of the bills of credit. The report of this committee, which was submitted November 17, is entitled to special consideration. They recognized the true cause of their troubles and were willing to adopt measures which would certainly have helped the situation. The lessening of the number of the bills was, they said, the best way to increase their value. One way to accomplish this was to offer borrowers under the £100,000 emission ten per cent. premium for all payments that they would make on the portions of this loan then outstanding. This £100,000 had been distributed in 1716, to the counties, to be loaned to citizens on mortgage security for the term of ten years. Some of the loans then made became permanent investments and as early as 1720, the probability that this was so was discovered. November 28 of that year, a resolution was introduced, in the preamble of which the following assertion is made: "divers persons have mortgaged their estates and taken bills under the £100,000 loan and have neglected to pay interest and allowed their mortgages to be sued out and some have offered to resign their titles showing that the lands mortgaged were not worth double the value of the loans." Such was the state of affairs which the committee wished to remedy by offering this premium, the operation of which would not only have tended to wipe out some of these doubtful debts but would simul-

taneously have reduced the volume of the currency. They also insisted that the General Court should raise by taxation each year an amount equal at least to the charge of the preceding year. As a means of preventing the increase of the currency, they recommended that instead of issuing twenty thousand pounds in bills of credit, the like amount should be borrowed from those in circulation for which they proposed that the province should pay eight per cent. per annum. Notwithstanding the apparent absurdity of the province borrowing its own promises to pay, it is evident that heroic measures of this sort would have produced a beneficial effect. This very step had, indeed, been taken in 1692 and was thought by some to have had influence in maintaining the bills of that time at par. The committee concluded their report with a recommendation in which they seem to have lost their balance. It was to this effect: "That some speedy care be taken to prevent the English half pence passing at two pence a piece as they now frequently do." This report was not adopted, but the last clause brings before us the "great inconvenience" alluded to by the council in June, 1722, which arose, they said, from the want of small money for change, the copper half pence having been sent out of the province. Ill-minded persons, they added, had presumed to split and tear the new small bills of the province to the great dishonor of the government.

The amounts of the annual issues were largely influenced by the military situation. Immediately after the peace of Ryswick and for a time after the peace of Utrecht, there was no cause for apprehension of French attacks on Boston and no opportunity to organize expeditions against Port Royal or Quebec. Quiet, however, did not always prevail in the colonies when the relations

of Great Britain with France and Spain were of a peaceful character. The eastern Indians were restless and were easily incited to outrage. The necessity of occasional aggressive movements against them and the constant need of watchfulness involved the annual expenditure of large sums in excess of the ordinary needs of the government upon a peace footing. In the year 1723, twenty-three thousand pounds were issued; in 1724, fifty-five thousand pounds; in 1725, seventy thousand pounds; in 1726, twenty-five thousand pounds; in 1727, sixteen thousand pounds, and in 1728, in addition to the sixty thousand pounds which were then loaned to towns, forty-eight thousand pounds were issued to cover the various expenses to which the government had been put.

The extraordinary expenses which swelled the annual expenditures at this time were variously defined in the resolves as muster rolls of the eastern forces, expresses despatched for the government, the charge of Castle William and other forts and garrisons, the expenses of transports, and the muster rolls of soldiers and sailors. The war with the French of which the expedition of Sir William Phips against Quebec was an incident, was terminated by the peace of Ryswick in 1697, which was followed by the submission of the eastern Indians in 1699. Hostilities were resumed with the eastern Indians in 1703. There were expeditions against Port Royal in 1708 and in 1710 and against Quebec in 1711. From 1719 to 1726 there was constant necessity for vigilance or active measures against the eastern Indians.

Beside the temporary loan of fifty thousand pounds incurred at the time of the Quebec expedition in 1711, loans amounting to two hundred and sixty thousand

pounds[1] had been made, the most recent of which was the loan of sixty thousand pounds to towns in 1728. None of these loans was promptly settled. Some of them were made upon inadequate security and were never collected. It was feared, even before it was due, that the £100,000 loaned in 1716, would not be called in at maturity, and Shute called the attention of the Lords of Trade to the appprehensions that he had that proper steps would not be taken in May, 1727, for calling in the loans. An order was thereupon issued to Lieutenant-Governor Dummer to the effect that their Lordships expected that he would take care that these bills were called in and destroyed in May, 1727. Yet Douglass says that in 1739 some of these loans had not been sued out.

It will be noticed that in the table which has been quoted from the abortive act of 1727, in which the rate of silver is given for a series of years, the person who drafted the proposed act dates the beginning of the decline of silver so far as it seriously affected the adjustments between debtors and creditors in 1710. The selection of this year may have been influenced by the great increase of the currency in 1711, caused by the loan in aid of the Quebec expedition.[2] Other causes may also have contributed. About that time the General

[1] 1714 £ 50,000 direct.
1716 100 000 through counties.
1721 50,000 " towns.
1728 60,000 " "

[2] "Whilst the sum [of the bills of credit] was small, silver continued the measure, and bills continued their value. When the charges of government increased after the second expedition to Canada in 1711, the bills likewise increased; and in the same or greater proportion the silver and gold were sent out of the country." Hutchinson's History of Massachusetts (ed. 1795), vol. 1, p. 357, note; see also vol. 2, pp. 187–188.

Court failed to make provision for some of the recent issues in accordance with the promises made at the time of the emissions. The confidence in the bills based upon the belief that they would be called in according to the language of the resolves under which they were issued received a blow, which, undoubtedly, affected the circulating value of the currency.

In 1720, the practice began of inserting in the resolves in which new issues were authorized a clause permitting tax-payers to settle the taxes which were to be laid at future dates for calling in the bills, in various kinds of produce. Many resolves were passed which did not contain this clause, but for several years, the majority of them contained a list of twenty-three articles which could be used in payment of taxes. It by no means followed that when the corresponding taxes were levied this clause would be incorporated in the tax act, but in October, 1727, this was done. This practice was temporarily discontinued, but afterwards revived, although the articles of produce receivable in payment of taxes were then limited to hemp and flax. Subsequently other articles were also included in the list to which this privilege was attached. The alleged object of these proceedings was because "through the scarcity of bills of credit it may be more easy for some persons to pay their taxes in produce of the province than in bills of credit."

Notwithstanding the obvious truth that a portion of the community were during the period of the decline of the public bills brought face to face with the fact that the purchasing power of their incomes was steadily diminishing, there are indications that there was in Boston at that time greater extravagance in the ways of life of many people and more display in the houses then constructed, than had theretofore been the custom. Note

was taken of these facts by the controversialists of the period and arguments were deduced therefrom whose character differed according to the position assumed in the discussion. June 26, 1719, a bill was introduced in the council and carried through to engrossment, for the purpose of preventing and discouraging the growing extravagance of the province. In 1721, an act was passed to retrench the extraordinary expense at funerals. At a time when the circumstances of the province so loudly called for all sorts of frugality, it was stated that the charge or expense of funerals had become so extravagant, especially in the giving of scarves, that it worked a great detriment to the province and tended to impoverish many families. For three years to give away a scarf at a funeral was made the subject of a penalty. In 1724, the act was continued in force for five years longer.[1]

It was the custom of the treasurers of the province to make a return of the bills outstanding at the end of May, in each year. Some of these returns have been preserved and from them we can ascertain the circulation of the bills at certain periods. Except for these returns we can only obtain approximate results. We can from the resolves authorizing the issues and the tax levies through which the funds were laid for calling in the bills, estimate the amount that should have been outstanding at any given date, but it is seldom that these estimates can be made to agree with such returns as we have at the hands of the treasurers. These were made by footing up the amounts which had passed out of the treasury, deducting therefrom the bills which had been destroyed as unfit for circulation, and adding thereto the

[1] It was revived in 1741 for five years and the ban was then placed upon gifts of gloves, wine, rum and rings as well as scarves.

five per cent. allowance and also all bills then in the hands of the treasurer. Apparently they do not include the loans, and it may also be noted that in some instances the treasurer makes a deduction for bills on hand. Throwing out of consideration shillings and pence we have returns showing £69,688 in circulation in 1709; £108,603 in 1711; £145,450 in 1712; £133,250 in 1713; £109,416 in 1717; £81,016 in 1718. From a report of the committee of the assembly we learn that in November, 1724, there were in actual circulation £191,530; this again would seem to require correction by adding the amount then outstanding, loaned to the inhabitants of the province. It is difficult to reconcile some of the above statements with the current legislation concerning emissions and retirements, although there are some points in which an estimate of the amount in circulation, based upon the legislation, does not vary much from the reports. The amount outstanding in 1730 was said to have been £164,755, 5*s*, 5*d*.[1]

[1] Enquiry into the state of the bills of credit, etc., 1743. p. 10.

CHAPTER VI.

ENFORCEMENT OF THE ROYAL INSTRUCTIONS DURING BELCHER'S ADMINISTRATION.

We have followed the discussions concerning the currency which had arisen between the governors and representatives through the administrations of Shute and Burnet, and have noted the perplexing situation in which Lieutenant-Governor Dummer, the temporary successor of each of these governors, found himself when the responsibilities of the government were thrown upon his shoulders. The stormy and impetuous career of Burnet had resulted in blocking the wheels of public affairs and change of any sort was welcomed. While agreement was impossible, pending the arrival of a new governor, conspicious collision was avoided, both under Dummer and under Tailer, the newly appointed lieutenant-governor, who assumed charge of affairs prior to the arrival of the successor of Burnet.

The condition of affairs in Massachusetts was such that the gubernatorial commission was not at this period an object of much contest. Jonathan Belcher, a native of New England and a graduate of Harvard college easily succeeded in obtaining it, notwithstanding his previous record. He was trained in the ways of the court and could adapt himself to the passing political breeze. A man of wealth[1] and prominent among the

[1] Belcher is described as follows in an elegiac poem called forth by the death of his wife:

> "To you, o Fav'rite Man, the Pow'r supream
> Gives wealth, and titles, and extent of fame;
> Joys from beneath, and blessings from above;
> Thy Monarch's plaudit; and thy people's love."

To His Excellency Governour Belcher, on the death of his lady. An Epistle by the Reverend Mr. Byles. [Oct. 13, 1736.]

conservatives, he had, while in London, astonished his friends by acting as agent of the house notwithstanding its state of chronic warfare against the governors. As an applicant for the gubernatorial office he claimed that his citizenship would be an advantage and that his familiarity with the ways of the General Court would aid him in protecting the interests of the crown. While agent, he had, with his associate, Wilkes, signed a letter in which the following language was used: "Of what value is the Charter if an instruction shall at pleasure take away every valuable part of it? If we must be compelled to fix a salary, doubtless, it must be better that it be done by the Supream Legislature than to do it ourselves; if our liberties must be lost, much better that they be taken away, than we be in any manner accessory to our own Ruin."[1] Such language should naturally have brought him into disfavor, yet if it was known at court, it was overlooked and he was recognized as one who would sustain the royal prerogatives and who could be relied upon to enforce the royal instructions. His interest in local politics was shown by the fact that fourteen years before, he had contributed £500 to secure Shute's appointment as governor, which amount, according to Hutchinson was never repaid him.[2] Under the pretence that this expenditure had been made by him for the public good he had the audacity to petition the General Court for re-imbursement, but met with a deserved refusal.[3]

Belcher arrived in the province in August, 1730, and found himself confronted with trouble from recent instructions. One of the last things that Burnet had

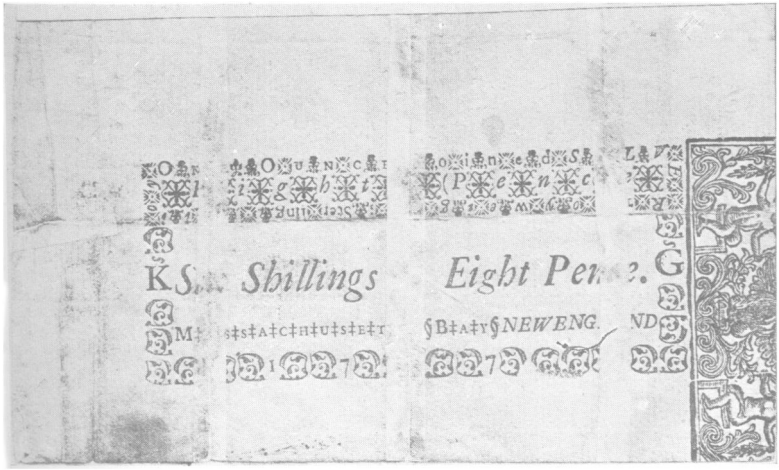
[1] This letter was dated April 25, 1729, and was printed in the Mass. Bay House Journal, June 27, 1729.

[2] History of Massachusstts (ed. 1795), vol. 2, p. 329.

[3] Mass. Arch., vol. 20, no. 182.

Plate 8.





First new tenor bill for 6*s.* 8*d.* The middle signature is red. The value in silver and the gold rate are interwoven in the emblems composing the border on the back. Photographed by permission of the Massachusetts Historical Society. **Size,** 6 in. x 3⅞ in.

done had been to write August, 27, 1729, that the effect of the instructions was being evaded by issuing bills of credit, not, as he said, by a law which would require approval, "but only by a resolve, that so his Majesty might not have occasion to disallow it according to the express words of the charter." In October of the same year, Dummer wrote that he had signed a resolve authorizing the issue of bills of credit, which, following the custom since the time of Shute, contained a clause submitting the disbursements to the whole Court. He explained that the necessities of the treasury compelled this and added that he thought the charter needed some explanation on this point.[1] These communications apparently aroused the Privy Council and the Board of Trade to a comprehension of what was going on, and instructions were thereupon issued that "no money be raised or bills of credit issued in that our province of the Massachusetts Bay, but by act or acts of assembly in which act or acts one or more clauses of appropriation may be inserted." The approval of the accounts and the issuing of the money or bills of credit were to be left to the governor and council, subject to the future inquiry of the assembly, as to the application of the money.[2] These instructions were communicated to the assembly by Dummer, May 28, 1730.

On the 9th of September, Belcher called attention to the fact that "exchange betwixt Great Britain and this province had risen in a few years from sixty to more than two hundred per cent", and on the 16th of December, he pronounced the bills of credit "a common delusion to mankind" and said they "must have an end

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 222.
[2] Acts and Res. Prov. Mass. Bay, vol. 2, p. 574.

according to the periods set by your laws, as you will see by his Majesty's 16th and 18th instructions to me."[1] The time was fast approaching when the last of the loans made to towns in 1721 must be paid. A committee of the representatives answering this message on the 1st of January, 1730–31, said in reply to the suggestion as to the retirement of the bills, that they were dependent upon these bills together with others then extant to serve as a medium in trade, and they added, "The committee can't but look upon it as the bounden duty of this court to revive that act."

Including loans and bills of credit which matured that year, there were then outstanding upwards of £270,000 according to the terms of the resolves and acts under which they had been issued, all of which, therefore, would have to be provided for in the successive years thereafter up to and including 1741, the latest year in which any of these bills were to be called in. Meantime, the government was permitted to issue annually for current expenses £30,000, the idea evidently being that such issues were to be called in by the tax levy of the next year. It was apparently thought, that after the outstanding issues had been called in £30,000 would serve as a circulating medium for the province, as it was further provided that after the retirement had been effect-

[1] The 16th instruction was to the effect that he was not to give assent to any act whereby bills of credit were to be issued unless such act contained a clause requiring the approval of the Board of Trade before it should be operative. Annual issues to the extent of £30,000 were, however, permitted without this approval first having been obtained, provided they were made for the expenses of the government. Not more than £30,000 of such bills were thereafter to be current at any one time.

The 18th instruction directed the governor to take care that the bills be called in in accordance with the terms of the acts under which they were issued.

ed no more than £30,000 should be current at any one time. In his speech to the General Court, April 2, 1731, Belcher intimated that this instruction must be complied with. By the end of 1741, he said, all the bills of credit now outstanding must be paid into the public treasury. The £30,000 "in such paper bills" was totally inadequate for a circulating medium for the province and it is difficult to conceive how it could have been thought that in the absence of any silver or gold, business could be carried on with the value which this amount represented, even if it be supposed that it was rated at par. The representatives stated that they deemed it next to impossible that the necessary charges for the government should be defrayed with £30,000.

Important as this question was, it was overshadowed in the estimation of the representatives by the issue raised by Belcher's 30th instruction, which he communicated to them March 10, 1731. This was practically the same as the instruction which had been laid before the assembly by Dummer, May 28, 1730. Its presentation by a new governor meant that the disputed point of the control of the house over disbursements was to be decided through the agency of this instruction in behalf of the governor and council. The house did not yield without a struggle, but the governor told them that he proposed to carry out the instruction. "To give you the plainest understanding," he said, "I will inform you that for the future all accounts of service done for this province are to be brought directly to the governor and council, and to them only, for passing and paying." Appeals by the assembly in 1731 and again in 1732 were made to his Majesty in Privy Council for relief from this instruction. They were not decided until more than three years thereafter, when an order was

passed in the Privy Council declaring "the king's displeasure at these repeated applications upon points which had been already maturely considered and determined by his Majesty in Council."[1] It was further ordered by the Privy Council that no alteration should be made in the 16th and 30th instructions. A memorial to the House of Commons had been forwarded at the same time as the address to his Majesty for presentation to the house in case the address should fail. It met with a rebuff from the Commons even more pronounced than that adminisistered by the Privy Council. They asserted that the complaint was frivolous and groundless, that it was an high insult to his Majesty, tending to shake off the dependence of the said colony unto this kingdom, to which by law and right they are and ought to be subject.

For three years after Belcher's arrival there were but two issues of bills of credit for the general expenses of the government, one of £13,000 just after he assumed charge of affairs and one of £6,000 the next year. £13,900 were, however, issued from time to time during the same period to the governor as an allowance for his services and to the assembly for salaries.

It is needless to go into detail as to the discussions which took place during the period when the government was left almost entirely without means for current expenses. A few examples will suffice.

The governor having urged the representatives to make some provision for the government, pending a reply to their address to the crown, they replied that his Majesty was accustomed to take his own time in making such replies and that it was their duty not to commit

[1] Acts and Res. Prov. Mass. Bay, vol. 2, pp. 701–703.

themselves. Meantime they called upon the selectmen of the towns for instructions.

The governor at one time informed the representatives that he was surprised that they should bring in a supply bill which did not conform to his instructions and added that they might rest assured he would not consent to that bill nor to any other of a similar nature. At another time he said to them: "I assure you I will not so much as enter into any argument with you whether I shall break his Majesty's royal orders in giving my assent to any other supply of the treasury than what his Majesty has directed to and such as is agreeable to the charter."

The representatives in their replies thought that the 30th instruction could be cured by legislation. If, however, the governor thought otherwise they conceived that there was no way to relieve the empty treasury except for his Majesty graciously to withdraw the instruction. Again, they voted that supplying the treasury according to this instruction necessarily tended to destroy the powers and privileges granted to the General Court by the royal charter.

Various supply bills were proposed and discussions of this sort were carried on between the governor and the representatives, as to his power of approval, he taking refuge behind his instructions and they asserting what they claimed to be their rights under the charter. One alone among these supply bills requires special attention. It fell to the ground in the conflict then raging, but it contains in the fixed rate for silver therein suggested the germ of the new tenor bill. March 15, 1730–31, Jacob Wendell and others, merchants of Boston, petitioned the General Court, asking them to issue fifty thousand pounds in bills of a new form to be loaned to merchants and

others, on real security at fifty per cent. of the valuation, to be repaid to the province treasury, one-fifth part each year for five years, at the rate of seventeen shillings per ounce of silver. If successful, more bills might then be issued. If not deemed advisable for the province to enter into the scheme, then the petitioners prayed for an incorporation so that they might carry on the affair in their private capacity.[1]

This petition was referred to a committee of both houses, of which Thomas Hutchinson, the father of the governor, was chairman, and on the 1st of June he submitted a report in behalf of this committee to the council.[2] The committee thought that the scheme would be of public benefit and, therefore, recommended the issue.

They fixed the rate of the bills proposed to be issued at sixteen shillings per ounce for silver and the bills themselves were to be redeemable at the end of five years in silver and gold. A bill was ordered to be prepared to this effect on the 10th of June and it is probably the one which was passed to be enacted in July, but to which the governor refused his assent July 20.[3] On receipt of information of this action on the governor's part, the representatives informed him that they had yielded all that they could without manifest prejudice to the rights of the people whom they represented and they, therefore, asked for a recess. The governor then consulted with the council as to whether he could, conformably with his instructions, assent to such a bill and also whether it was consistent with the safety of the province to permit the General Court to rise without some pro-

[1] House Jour. Mass. Bay, March 15, 1730–31. See also June 10.

[2] Mass. Court Rec., vol. 15, p. 82.

[3] A bill bearing the same title and for the same amount was passed to be enacted January 20, 1731–32. The governor refused his assent a second time February 2, 1731–32.

vision having been made for the support of the government. To both of these questions the council replied in the negative.

In submitting to the governor this and other supply bills, which by their terms infringed upon his instructions, it may be assumed that the assembly hoped that the governor would, as had happened before, find some loop-hole in the instructions which would permit him to approve the bills. Such is evidently the interpretation to be put upon their reply August 21, 1731, to a message, in which they say that "whatsoever mischiefs and inconveniences may happen to the province by the treasury's remaining empty may be attributed to the instructions as now understood and improved by his excellency" and by a vote of the council in February, 1731–32, wherein they earnestly desired the governor "to take such measures that he may be enabled to give his consent to the said bill as soon as may be."[1] Yet, even after it was evident that he did not intend to yield, the representatives refused to accede to the instructions, and in April, 1733, they said that by so doing they "would basely betray their trusts, recede from the sentiments given by their principals, act against their conscience and the light of reason," and in so doing "would give a wound incurable to our constitution." They also called the attention of the governor to the fact that when, as agent of the house, he represented them in England, he had not regarded their acts as disloyal and disrespectful. In June, 1733, the situation seemed hopeless, the governor rejected a supply bill with the assurance to the assembly that he should not give his assent to any bill projected in the manner of the one that he had under consideration and

[1] Mass. Court Rec., vol. 15, p. 242.

the house replied that they would not pass any bill which was framed upon any other method than that of of the bill he had rejected.

The tone and character of this discussion has been adequately set forth in the foregoing and although in the end the house was obliged to yield, the gain was not entirely on the side of the crown, for in the meantime another contest had been waged in which the representatives prevailed. Belcher, by his instructions, was prevented from receiving compensation for his services in any other form than that of a fixed salary and this the representatives flatly refused to allow him. On this point, the crown was compelled to back down and give consent to his taking the annual appropriations, in the manner in which the assembly had been accustomed to make them.

On receipt, in 1733, of the order of the Privy Council dismissing the appeals of the assembly, the situation was accepted and an act was passed in November in accordance with the methods prescribed by the instructions in which provision was made for the issue of £76,500 in bills of credit, for discharging public debts. In this act allowance was made for wages some of which dated back to the fall of 1730.

At the same time that this act was passed the representatives entered a protest, asserting that they judged it more convenient to pass the present bill of supply and so suspend the exercise of their rights than further to insist upon them at the present time. They added that they left the exercise of these rights to be reassumed by any future assembly.

Notwithstanding the fact that the prolonged contest between the governor and the representatives had prevented the province from receiving the benefit of the

annual issue of £30,000 and that the debts of the government had in the meantime been allowed to accumulate, the assent of Governor Belcher to this act was the occasion of a renewed instruction on the subject issued three years thereafter in which he was enjoined, "under pain of our highest displeasure and of being immediately recalled from that our government" to see that the original instruction was carried out in the future. His defence was that the emission upon the whole, considering the period that it covered did not exceed the instructions.[1]

Taxes had been laid from 1730 to 1733 which, taken in connection with the impost and excise and other sources of revenue, had been estimated to provide for the calling in of £90,500 bills of credit in accordance with the resolves under which they were emitted. All the revenues had been used for this purpose and the government during this period had been destitute of means for meeting the greater part of the current expenses. Much suffering had been the result.

While this condition of affairs existed in Massachusetts, a number of the citizens of New London, Connecticut, organized a company called the New London Society, united for trade and commerce. Their first attempt in this direction was made in 1729, when they petitioned the Connecticut assembly for a charter. It is evident that their desire was to organize a bank of issue, similar to those which had been projected in Massachusetts in 1686 and 1714. Their petition, which set forth their purpose to emit bills of credit, was denied, but they applied again for incorporation in 1732, this time alleging that the purposes of the proposed company were for promoting trade and commerce. A charter was granted and the com-

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 745.

pany immediately proceeded to emit bills to subscribers to the scheme, taking mortgages on real estate as security. Governor Talcott soon heard of their proceedings and in February 1732–33, summoned a special session of the assembly at which the charter of the company was annulled and provision was made for winding up its affairs.[1]

October 17, 1733, a joint committee of the assembly of Massachusetts Bay was appointed to consider what means could be taken to maintain the value of the public bills in view of the fact that a number of Boston merchants were about to emit £110,000 of their notes, and the neighboring colony of Rhode Island was also engaged in making large emissions of bills. On the 23rd the council instructed the secretary to write to the governor of Rhode Island for information as to these emissions. The joint committee reported November 6th, recommending that the governor should discourage the circulation of the Rhode Island bills and urging that some security should be furnished for the merchants' notes. They recommended that a bill be prepared to prohibit the circulation of the Rhode Island bills and to this the council agreed but the house thought it would be wiser to discourage their use. The governor declined to interfere. He thought a proclamation against the Rhode Island bills would encourage the merchants' notes, concerning the issue of which no scheme had been submitted to the General Court. Moreover, it was impossi-

[1] An account of this company derived from the published records of the colony was printed in the *Quarterly Journal of Economics*, vol. 13, October, 1898. See also Publications Colonial Society of Massachusetts, January, 1898. Additional information derived from the archives was communicated to the same society December, 1898. These details will be found in the form of a continuous narrative in Part II of this work, devoted to banking.

ble for him to encourage their emission on account of the £30,000 limit set by his instructions.

This resolution of combined disapproval and sympathy requires some explanation. The restraint set upon the issue of bills of public credit by the royal instructions did not apply to Rhode Island. This colony saw a chance to supply the wants of the Massachusetts people in the way of a medium for trade, and simultaneously to derive from issues of public bills made for this purpose an income which would pay the running expenses of her government. In 1731, £60,000 Rhode Island currency had been loaned, and in July 1733, an emission was made of £104,000, £100,000 of which was loaned at interest for a term of years.[1] As an offset to this last emission a number of Boston merchants entered into an agreement not to receive the Rhode Island bills in trade, and following the suggestion made in the petition of Jacob Wendell and others heretofore referred to, they organized a company and issued £110,000 of their own promissory notes based upon silver at 19*s.* per ounce, the notes being so phrased that while they bore upon their face a value stated in coin, the promise was to pay a corresponding weight of coined silver, sterling alloy, or the value in coined standard gold. Payment was to be made in three instalments covering ten years. The notes rested for their security solely upon the solvency of the individuals whose names were attached thereto. These notes were known as merchants' notes and found a ready acceptance in trade but owing to the fixed rate of silver in which they were payable, they did not long remain in circulation.[2]

[1] The first three "Banks" amounting to £120,000 were then outstanding.

[2] Not much is known concerning this company, but such details as to their methods of business as have come to light in this investigation will be found in Part II: on banking.

In 1734, an organization of merchants was effected in Portsmouth, New Hampshire, the purpose of which was to furnish the public with notes as a medium of trade.[1] The notes thus put forth were not like those of the Boston merchants, payable in silver at a fixed rate, but were to be redeemed in silver or gold at the rate which might prevail in 1746, when they would become due. They bore interest at one per cent. per annum.[2]

Although this experiment turned out to be a pronounced failure, yet in its inception it greatly alarmed the Boston merchants, who, under the lead of Andrew Faneuil and James Bowdoin, petitioned the General Court on the 15th of April, 1735, to give caution that the New Hampshire notes were a cheat and a delusion and they prayed that their circulation might be prevented. In prompt response to this a bill was passed April 18th, making it an offense to utter or offer to pay or put off or to receive or to take any of these notes, and the assembly requested the governor to issue a proclamation cautioning his Majesty's subjects against taking any of them.

The attempt to prevent the invasion of the Rhode Island notes proved a failure. "Some of the Boston merchants, tempted by an opportunity of selling their English goods," says Hutchinson, "having broke through their engagements and received the Rhode Island bills, all the rest soon followed."[3] These various issues were followed by a sudden rise in silver.

The determination of the controversy as to the manner in which the bills of credit of the province should

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 747.

[2] Very little is known about the merchants' notes of New Hampshire, but such details as have been gleaned from the various sources of authority will be found in Part II of this work.

[3] History of Massachusetts, (ed. 1795) vol. 2, p. 341.

be issued did not prevent conflicts concerning the currency between the representatives and the governor. "There are several bills lying before me," said Belcher, July 5, 1736, "that have passed his Majesty's council and your house, for a supply of bills of credit to the public treasury, which exceed the sum limited in his Majesty's sixteenth royal instruction to me for which reason I cannot sign them, and I think proper to acquaint you therewith that you may conform the whole supply for the year to the said instruction."

Up to this time propositions which looked toward a resumption of a specie basis for the currency had received but scant consideration from the representatives, but it would seem that the career of the merchants' notes kindled hopes in the minds of the authorities of the government that the insertion of a clause in the public bills, making them in a similar way receivable at a fixed rate of silver, would have the effect of removing the discount. November 25, 1736, the governor recommended the emission of fifteen thousand pounds in bills that should "carry the value of money." This, he thought, would answer all the demands of the province. They would be worth more than fifty thousand pounds in the bills then in circulation, and might be emitted consistently with the restrictive orders given to him by his Majesty. This was certainly a strong argument in favor of the proposed scheme. If the public would accept these bills on a par with silver, the £30,000 limit would at once be expanded to the equivalent of over £100,000 in the public bills of the form then in use.

In January, 1736–37, the council approached the subject in very serious mood and voted that "whereas his Majesty's good subjects have for many years been great sufferers by the uncertain and sinking state of the bills

of public credit, which difficulty doubtless more particularly moved this Court in a very solemn manner to implore the divine guidance and blessing in the present session; wherefore to comply with this obligation and profession, it seems necessary that this Court shall do all that is possible to remedy this threatening mischief." As a result of this earnest appeal a joint committee was appointed, of which Thomas Hutchinson of the council was chairman, and this committee reported an act which was passed in February, 1736–37, which provided for the emission of eighteen thousand pounds in bills of credit of the present form [1] and tenor and nine thousand pounds in bills of credit of a new form.

It was provided that the taxes to be assessed for calling in the bills of the new tenor could be paid either in bills of that tenor, or in bills of the old tenor in the proportion of three to one. If any of the bills should be outstanding in 1742, the treasurer was authorized to redeem them in coin at their expressed value. [2]

[1] The "present form" being what was thereafter known as "old tenor."

[2] The following is the form given in the act for the new tenor bill of credit:

Twenty Shillings. Twenty Shillings.

This bill of twenty shillings, due from the province of the Massachusetts Bay in New England, to the possessor thereof, shall be in value equal to three ounces of coin'd silver, Troy weight, of sterling alloy, or gold coin at the rate of four pounds eighteen shillings per ounce; and shall be accordingly accepted by the treasurer and receivers subordinate to him in all payments (the duties of impost, of tunnage, of shipping and incomes of the light-house only excepted), and for any stock at any time in the treasury.

Boston, By order of the great and general Court or Assembly.

Twenty Shillings. Twenty Shillings.

} Committee.

The passage of this act furnished opportunity for the opponents of the governor to attack him before the Board of Trade, of which he heard and in the following November he put in a vigorous defence. He claimed that the instructions did not indicate what sort of bills of credit were to be issued nor of what value they must be. There was no gold and no silver in the province and it was impossible for the government to get along without bills of credit. Bills of the form which had been in use had declined so much that £30,000 in them was hardly worth £20,000. He might, indeed, have said £10,000. The province was growing and the annual charges were increasing and if he should tell the people the government must be supported without letting them have wherewith to do it, he could really expect no other answer from the assembly but that he was an Egyptian task master asking them to make bricks without straw. The new bills, he said, had already lowered exchange with London 50 or 60 per cent. and he expected this advantage to increase till the time the bills should be paid off.[1]

The new tenor bills were received with great disfavor by a part of the community. The town of Boston, on the 10th of May, 1738, appointed a committe to draw up instructions for the representatives on certain points among which were the trade of the province and the paper currency. On the 17th the instructions drawn up by the committee were submitted. They call attention to the "neighboring governments, especially Rhode Island, who are daily rivalling us of our trade and medium in paper currency" and ask if their hands are to be tied, while Rhode

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 845.

Island can make what paper bills they please, which their necessities oblige the people of Boston to receive. They strongly enjoin the representatives not to consent to any supply for the treasury unless the funds for discharging the same be put on suitable years after 1741. They likewise enjoin them to use their power and influence to obtain an act for striking off as many bills of the old tenor as will re-exchange all the bills of the new tenor already exchanged for the old, and they submit a table showing the operation of calling in the bills by 1744 to show its impractibility. May 18th, 1739 these instructions were renewed.[1] In the winters of 1737–38 and 1738–39 attempts were made to resume specie payments by means of loans of public bills the value of which was to be stated in a fixed rate of silver, which bills were to be loaned to merchants, who should agree to pay their loans in silver. It was evidently in connection with the second of these attempts that in January, 1738–39, the council again appealed to the governor to consent to the emission of £60,000 in bills which they described as redeemable in silver and gold and which they said were on a different foundation from those which occasioned his Majesty's prohibition. The governor had on the previous day, the twelfth, announced that he could not consistently with his Majesty's instructions give his assent to the bill. In consequence of this the council craved leave to point out the great and distressing difficulties of his Majesty's good subjects of this province if the aforesaid bill or one of that nature should not take effect. The people relied upon public bills to pay their taxes and to

[1] Boston Town Records, from 1729 to 1742. 12th Report, pp. 198, 199, p. 227.



Page 625 from "Acts and Laws of His Majesty's Province of the Massachusetts Bay in New England," showing the designs for the fractional currency emitted in 1737.

meet their engagements in trade and commerce. By the end of 1741, all outstanding bills must be retired. The amount now in circulation was computed at £250,000 O. T. and it would bring great distress, if not an entire stagnation of trade, if they should be entirely removed and nothing substituted in their place. Moreover the court had at that session found it necessary to discountenance the bills of the neighboring governments.[1] The governor, in his reply, said he would use his best endeavors to secure the royal approval of the £60,000 bill.

The term of Belcher's service was now rapidly drawing to a close. He had made enemies and among them were some who were unscrupulous and who intrigued against him in Great Britain. They were successful in securing his downfall, but when the means by which it was accomplished were understood, he was soon restored to royal favor and received compensation by appointment to another government. During the latter part of the time that he remained in this province he was engaged in a contest with the promoters of the land bank. The story of that experiment is of very great interest and has not received adequate treatment from historians. Its incorporation, however, in detail, at this point would swell the narrative to proportions utterly inconsistent with the limits which control a discussion of the currency. We must, at present, therefore, practically confine ourselves to a consideration of the influence which this remarkable experiment had upon the currency of the province, leaving the detailed account of the rise and fall of the company for treatment in that portion of the work devoted to the subject of banking.

The year 1740 was propitious for an experiment of

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 965.

this sort in Massachusetts. The withdrawal of all the currency emitted by the province was impending and no provision had been made for a medium of trade, other than the £30,000 permitted by the royal instructions for the annual expenses of the province. In this delemma the representatives turned to the public, and in 1739 appointed a committee which was authorized to receive in the recess of the court any scheme or proposals from any persons, whomsoever, for the furnishing a further medium of trade in such way and manner as that the value thereof might be maintained. This furnished an opportunity for John Colman, who in 1720 had published a pamphlet in which he had brought out a proposition for a bank which should emit bills on real security.[1] He at once set to work and by December of that year had secured nearly four hundred subscribers to a scheme for emitting bills secured by real estate which was on the fifth of that month submitted to the General Court. The petitioners desired incorporation and the subject remained under consideration for some time, the representatives favoring the petitioners and the governor and council being opposed to them. The ultimate result was that the company began business in the fall without incorporation. The note which was then emitted by the company was signed by certain of the directors and was in the form of a promise in behalf of the signers and their partners to receive the same in all payments at the expressed value "lawful money six shillings and eight pence per ounce" and after twenty years to pay the same in the produce or manufactures enumerated in their scheme. The articles thus referred

[1] The distressed state of the town of Boston once more considered, and methods for redress humbly proposed, etc., etc., etc., by John Colman.

to in which the notes were to be paid were nearly all of them productions of the province. A limit of £150,000 was set to the amount of notes which could thus be emitted. The scheme found favor in the rural districts of the province. Many towns voted to take the notes, and subscribers to the number of about one thousand joined in the enterprise.

Certain Boston merchants who were opposed to the scheme organized an opposition company which was known as the silver bank or silver scheme, the purposes of which were: first, to emit bills which like the merchants' notes of 1733 should have the value expressed in silver at a given rate per ounce; second, to secure the mutual agreement of the subscribers to refuse to receive the bills of other governments not redeemable in gold or silver, except at a discount to be fixed by the company; and, third, not to receive the land bank notes on any terms. The notes emitted by this company were in the form of promissory notes, and were payable in 1755. While they bore upon the face a denominational value, the promise was to pay a specified weight of coined silver, sterling alloy, the denominational value being ascertained on the basis of twenty shillings for an ounce of silver. The company afterwards amended their scheme by agreeing to anticipate payment of these notes in the following manner:

In 1741,	on the basis	of	silver	at the rate of	28*s.* 4*d.* per oz.
1742	"	"	"	27*s.* 9*d.*	"
1743	"	"	"	27*s.* 2*d.*	"

and so on with an annual reduction of seven pence in the rate of silver until it reached twenty shillings in 1755, when the notes were redeemable according to the terms expressed on the face. The proposed emission of this bank was £120,000 in their own notes. The silver rate

at which it was agreed that these notes should be redeemed in 1741 was 28*s.* 4*d.* The annual change in rate in the scale of redemption was 7*d.* per ounce and this would make the rate at which the notes were probably emitted, 28*s.* 11*d.* per oz. On this basis the £150,000 emitted by the land bank was equivalent as a circulating medium to more than five times the £120,000 emitted by the silver bank, provided it were possible that the land bank bills should actually have found currency on the basis of 6*s.* 8*d.* per oz. for silver, according to the terms of the notes.

The silver bank like the land bank had applied for incorporation and like the land bank had been obliged in order to accomplish its purposes to proceed in the emission of its notes as a private concern. The governor came to its aid as far as he could, and brought to bear unsuccessfully all the power of his official patronage with which to impede the progress of the land bank, but in the fall of 1740, both schemes were launched and both emitted their notes. The apparent success of the land bank gave birth in the spring of 1741 to a number of local imitators in different parts of the province, one of which located in Ipswich, actually proceeded to emit bills. The career of all of these, together with that of the land bank and the silver bank, was suppressed in the summer of 1741 by means of parliamentary intervention, brutal in its disregard of the rights of the colonists who were engaged in these unfortunate enterprises, and full of consequences in the hostility which it provoked, but effective through the support which it received from the governor and from the assembly, not ready as yet to contest the supremacy of parliament.[1]

[1] As in the case of the land bank the consideration of the details concerning the silver bank and the Ipswich bank have been post-

So long as Belcher remained at the head of the government, his relations with these affairs continued unchanged, and his persistent activity in opposition to the land bank did not tend to diminish the feeling of hostility against him, which had been aroused in the minds of the members of the popular branch of the government by the prolonged contests about the currency.

It resulted, therefore, that the representatives preserved their aggressiveness in all their discussions with the governor, and as late as April 5, 1741, alluding especially to the insertion of a suspending clause in acts of the assembly, they said, if "the representatives should not struggle in every way to maintain and preserve their liberty they would act more like vassals of an arbitrary prince than like subjects of King George, their most gracious sovereign."[1]

Belcher was relieved of his official connection with the government in August, 1741. If his successor had assumed office a few weeks earlier, the name of Belcher would have been conspicuous in the list of governors who ruled during the days of the emission of bills of public credit, for its freedom from association with any of the great avalanches of bills which from time to time were forced into the circulation. He had faithfully adhered to his instructions, but in the summer of 1741, came orders to promote enlistments for an expedition under Admiral Vernon against the King of Spain's settlements in the

poned to Part II of this work. The necessity for this has compelled the narrative of these important events in merest outline. The student who shall have patience to study carefully the course of these so-called banks will realize their value to the economist, and the enormous influence which this parliamentary legislation had in determining the position of those who in the end opposed the doctrine of parliamentary supremacy.

[1] Mass. Court Rec., vol. 17, p. 537.

West Indies. Bounties could not be offered; supplies could not be purchased; transports could not be secured, and garrisons for forts could not be maintained, except through the issue of a large quantity of bills of credit. In making the emission necessary for these purposes and for discharging certain debts of the province, the old form of bill was reverted to, and £80,000 old tenor were in July launched upon the market. The approval of the legislation through which this was accomplished was one of the last important acts in Belcher's official career.

CHAPTER VII.

THE STRUGGLES DURING BELCHER'S TIME TO CHECK THE DEPRECIATION.

It has been already stated that the extraordinary increase in the circulating medium in the summer of 1733, caused by the simultaneous emission of the merchants' notes and the large amounts of public bills put forth by Rhode Island and this province, produced an immediate effect upon the rate of silver, which was so noticeable as to attract general attention. "Silver rose," says Hutchinson, "from 19*s.* to 27*s.* the oz., and exchange with all other countries rose also, and every creditor was defrauded of about one-third of his just dues. As soon as silver rose to 27*s.*, the notes issued by the merchants, payable at 19*s.*, were hoarded up and no longer answered the purposes of money. Although the currency was lessened by taking away the notes, yet what remained never increased in value, silver continuing several years about the same rate, until it took another jump." [1]

The decline in the bills naturally compelled consideration. In May, 1734, the governor called attention to the low ebb to which the bills had fallen. They carry on their face these words, he said, "in value equal to money, and yet sixteen shillings in these bills will not at this day purchase four shillings lawful money." He exhorted the members of the assembly to adhere to the obligations which had been imposed upon them, and told them that "a sacred observance of the terms of the several acts by which the bills have been issued must have a natural tendency to support their credit."

[1] History of Massachusetts, (ed. 1795) vol. 2, p. 341.

The house apparently attributed the decline to the merchants' notes, and on the 4th of July, 1734, the representatives asserted that these notes had greatly affected the bills of public credit. They wished the assembly to take the matter under consideration, but the council prevented this by declining to co-operate with them.

This experience of the sudden decline of public bills taught the sufferers a lesson in economics, which was announced by the governor in his speech on the 22nd of November, 1734. He said it was apparent to a mere observer, that every emission of bills had the effect of depreciating those in circulation in proportion to the amount emitted, and he called attention to the fact that the combined issues the previous year, of the government bills, private bills and bills of the neighboring colonies, had diminished the value of the bills of public credit at least twenty per cent. The effect of this, he said, reached the most careful and industrious, and widows, orphans, ministers of religion and public servants were affected by it. He referred to the merchants' notes as contributory to this result.

There are certain circumstances connected with the sudden rise of silver, coincident with the large emissions of bills of various sorts heretofore alluded to, which are peculiar and require some consideration. The issues of the province from the summer of 1730 to 1733, including the large issue of £76,500 then made, amounted to £113,200, but the retirements during the same period had reached the sum of £90,500, so that the circulating medium had only been increased by £22,700 in the bills of public credit of this province.[1]

[1] In the additional instructions sent to Belcher in April, 1737, he is charged with having issued £106,571, 13*s*. 4*d*. in the space of seven months, as follows : £76,500 in November, 1733 ; £2,700 in January,

There can be no doubt that the merchants' notes were hoarded the instant that silver began to rise above the price at which they were rated. A very slight rise in the price of the metal, measured in public bills, would necessarily have operated to send them out of the market. When this rise had actually taken place and the bills had disappeared from circulation, the circulating medium had only been increased since 1730 by the £22,700 which had been added to the amount of the bills of this province during that period and whatever contributions to the currency had been made during the same time by the neighboring governments. Among these latter, however, was an emission of £60,000 for loans by Rhode Island, in 1731. The silent hoarding of the merchants' notes was not appreciated, and even after their withdrawal from circulation the discount of the public bills continued, and the notes were made the scape-goats of the situation.

At the May session in 1735, the governor said that he hoped the assembly would not rise till they had passed a law, in the most effectual manner to save this people from the oppression daily springing from "what are called merchants' notes." June third the representatives voted to insist upon a clause in a bill then pending, that in contracts where payment was provided for in merchants' notes, a tender of province bills, bills of the neighboring governments, or gold or silver, at the rates therein mentioned, should discharge the debt. On the fifth, they said that the emission of the merchants' notes was not justifiable and had been the means of raising

1733–34; and £27,371, 13*s.* 4*d.* in May, 1734. The acts under which these issues were made are given in Acts and Res. Prov. Mass. Bay, Chs. 7 and 11, Laws 1733–34, and Ch. 1, Laws 1734–35. The period included is not the same as that given above.

the price of silver, and their further circulation would be oppressive to the inhabitants of the province. If bills of credit of this or of the neighboring governments were tendered in suits where payment was claimed in merchants' notes, they were of the opinion that such tender ought to stay execution. The society, they said, alluding by this term to the organization which had issued the notes, ought to be compelled to exchange note for note, beginning the first of November next, and until December first, after which the notes ought not to pass. The society would probably have been glad to retire its notes by December first on the terms suggested, as they were then at a premium of about thirty-three per cent. As special legislation was the order of the day, at that time, for the cure of every evil, no matter how temporary its nature might be, the assembly continued for a time to wrestle with this subject, but found that there were difficulties in the way of their accomplishing anything in that line. A bill was brought in, but after several amendments, failed of passage. The subject was under debate again in December, and again in January, 1735–36, and was finally shelved March 24, 1735–36. By this time it had probably become apparent that the notes were no longer in circulation.

The report of the committee, June, 1731,[1] recommending the emission of bills which should be redeemable in five years in silver at 16*s.* an ounce, was followed, in 1732, by a movement which, if the people had been ready to apply heroic methods, might have resulted in placing the province on a specie basis with much less trouble than was actually experienced when this was finally accomplished. A proposition was submitted to the house in January of that year for a loan of £300,000

[1] See ante, p. 118.

in bills of credit, borrowers to pay the same in twenty annual payments in silver at 8*s.* an ounce, so that the treasurer might, at the end of twenty years, be prepared to redeem outstanding bills in coin. The proposition was crude, the amount of bills being disproportionately large if the redemption was not to take place till the end of the twenty years, and the locking up of so great an amount of silver for so long a period would have been absolutely impracticable. It may be doubted, however, if these were the reasons which led the house abruptly to decline all consideration of the project.

In November, 1734, an act for retrieving and ascertaining the value of the currency was introduced, which provided for the emission of £60,000 in bills of a new form and tenor, payable in silver at the rate of 6*s.* 8*d.* per ounce. They were to be let out for ten years, and £110 was to be paid annually during this period by the borrower for each £1,000 borrowed. Twenty shillings of the present tenor were to be worth 6*s.* 8*d.* of the new, and the new bills were to be redeemable at the end of five years, one-half in coin, one-half in notes.[1] This act

[1] The form of the proposed bill was as follows:

This Indented Bill of due from the Province of the Massachusetts Bay in New England to the Possessor thereof shall be in value equal to silver coin after the rate of six shillings and eight pence the Ounce, or gold coin after the rate of four pounds sixteen shillings the ounce, and shall be accordingly accepted in all payments: And the Trustees shall be obliged at any time after the day of to deliver to the possessor hereof one-half of the sum herein expressed in silver or gold coin at the rates before mentioned and the other half in new bills of the same form and tenor with this bill and in like manner to be exchang'd at the end of five years more.

By order of the Great and General Court or Assembly.

Boston, the day of

A
B
C } Committee.

Mass. Arch., vol. 101, no. 522.

was defeated by the house.[1] It is of interest, not only because it contains the evidence of an effort in the direction of specie resumption, but also because of the name associated with its introduction.

We find in the records that in November, 1734, Thomas Hutchinson of the council, the father of Governor Hutchinson, as chairman of a committee of both houses, reported a bill for the emission of £60,000, which was defeated on the 26th of that month in the house. The details of the bill are not given in connection with Hutchinson's name, but it was doubtless the one which has just been described. In 1737, the same Thomas Hutchinson reported the act which contained the form of the bills of new tenor, which act was then promptly passed. Silver was then quoted at 27*s.* an ounce. The new bills were said to be equal to silver at 6*s.* 8*d.* per ounce, but were measured in old tenor at the rate of one to three. It is evident that one to four would have been a more just proportion, if it had been intended by the nominal rating of silver in the act to furnish an exact measure for the value at which the new bills should pass. Nevertheless the new form had a certain sort of success, which evidently stimulated the belief that through some such means as those suggested in 1734, a specie basis might be reached.

In pursuance of this idea, another scheme was submitted in January, 1737–38, for the emission of £60,000. This was a decided improvement upon the proposed act which was rejected by the house in 1734, but the similarity of the two acts will be apparent upon comparison of their general construction. The bills of the proposed emission were to be let out for ten years to such subscribers as would agree to pay to the treasury annually

[1] Mass. Arch., vol. 101, no. 524.

during that period, for each £1,000 furnished them in bills, £105 in silver or gold coin, silver being rated at 6*s.* 8*d.* per ounce. No bills were to be emitted unless £30,000 were subscribed.[1]

The proposed act was printed and distributed and subscriptions were solicited. At first glance this scheme seems preposterous. Silver was then rated at 27*s.*, and it would not appear, when we consider this rate, to have been possible to float the new bills at par in silver. On this, of course, depended the success of the experiment. We must bear in mind, however, that the rating of silver was in old tenor, and that alongside these bills another form of bill circulated which was receivable in payment of government dues, one for three. If we convert the silver rate into new tenor, the undertaking has less of a herculean aspect. At all events, it is evident that there were hopes that the scheme might be put through. By June 6, 1738, £19,000 had been subscribed by merchants of good standing in Boston,[2] but

[1] The form of the proposed bill was given as follows:

One Shilling. No. 1000.

This Bill of One Shilling due from the Province of the *Massachusetts Bay* in *New England*, to the Possessor thereof shall be in Value equal to SILVER COIN at the Rate of *Six Shillings & eight Pence* the Ounce, and GOLD COIN at *Four Pounds eighteen shillings* the Ounce Troy Weight, and accordingly shall be redeemed by *Silver* and *Gold* at the Rates aforesaid, and shall be accepted in all publick and private Payments in such Time and in such Manner as is provided by an Act of the General Assembly.

Dated at Boston the day 1738.

A
B } Committee.
C

Mass. Arch., vol. 101, no. 566.

[2] Thomas Hutchinson, senior, subscribed two thousand five hundred pounds, Thomas Hutchinson, junior, fifteen hundred pounds. Mass. Arch., vol. 101, no. 562.

that seemed to be the limit which could then be reached, and the subscription fell through. In January, 1738–39, the attempt was renewed, but on the 24th of April only £13,000 had been secured in subscriptions.[1] It is quite probable that the distrust occasioned by the further decline of the currency, was the cause of the falling off in the subscriptions when the attempt was renewed. This decline is to be traced to an emission by Rhode Island of £100,000 in 1738.

If we needed any evidence to connect the senior Thomas Hutchinson with these attempts to return to a specie basis, it is to be found in the fact that both his own and his son's names are among those of the subscribers on the above lists.[2] It was he who submitted the report of the committee appointed to secure subscriptions. Again, December 28, 1738, in behalf of a committee to whom the consideration of the difficulties attending the public credit in the province had been referred, he submitted another report, from which his opinions may be deduced. In addition to passing the bill then under consideration, which was practically the same as that which had failed in the spring, he thought that provision should be made at the same time for calling in all bills of credit, for which no tax had already been laid, according to the terms agreed upon in the respective acts under which they were issued. The circulation of any bills issued by the neighboring colonies since the first day of May, 1738, should be absolutely

[1] Mass. Arch., vol. 101, no. 562; no. 564; nos. 607–615.

[2] The amounts of their subscriptions to the first of the proposed loans have been given. To the second, Thomas Hutchinson subscribed three thousand pounds, Thomas Hutchinson, junior, one thousand. Mass. Arch., vol. 101. no. 615.

prohibited, unless such bills were redeemable in silver or gold, and founded upon adequate security.

This last suggestion made by Hutchinson was at once incorporated in a law in a modified form. The currency of any bills of neighboring governments already emitted after May 1st, 1738, or thereafter to be emitted, was prohibited unless it appeared upon the face of such bills that they "were made redeemable in lawful money upon good security," "within ten years after their first emission." The great quantity of bills issued without certain provision for their redemption, had, the assembly said in the preamble to this act, stripped them of all their money and brought the government into contempt. This province had fixed their value, but this the neighboring governments had failed to do, therefore they prohibited the circulation of their bills, except as before stated.[1]

An attempt was then made to pass a bill providing that in the hands of inhabitants of Massachusetts, bills of the neighboring colonies should be a legal tender to residents of the respective colonies, for all debts or special contracts payable in Massachusetts bills. In January, 1738–39, this idea was formulated in the shape of an act which was duly passed, but it was shorn of some of its enormities before it got through. The non-resident creditor was permitted to make affidavit if the consideration of the debt was either wholly or in part in Massachusetts bills and to the extent that he was able to prove that the debtor had received the bills of this province he was entitled to have his debt satisfied in them.

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 965; Ch. 14, Laws 1738–39.

[2] Acts and Res. Prov. Mass. Bay, vol. 2, p. 972; Ch. 19, Laws 1738–39.

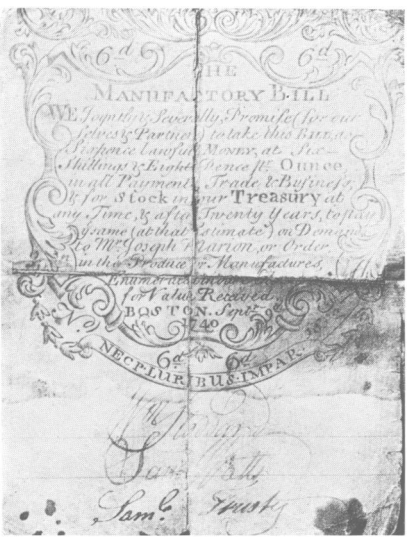
Notwithstanding the failure of the attempt to bring the currency to a specie basis through the proposed subscription loans heretofore described, the incident is full of interest and we may well believe that, had it not been for the Rhode Island issues, the patriotic spirit which led to such large subscriptions to the loans might have been stimulated to the point of success. The government had been both a borrower and a lender, and as far back as 1728 a subscription loan had been proposed. A brief review of these transactions will reveal the fact that while some of the loans were mere attempts to furnish a more permanent circulating medium than could be derived from public bills which were constantly drawn in by taxation, others of them, and especially the proposed subscription loans, rested their appeals for support upon the benefit that the province would derive from the action of the subscribers.

The first instance that we find in this review is the action of the Boston capitalists in 1692, in advancing bills of public credit for the use of the government. In 1703, the province was a borrower, and again it borrowed its own notes from the people. In 1711, the province loaned its bills to the Boston merchants who agreed to stand in the gap and furnish supplies to the Hill and Walker expedition, taking pay for the same in sterling exchange drawn on the home government. This could only have been accomplished through an appeal to the patriotism of those who rallied to the support of the government. The loans of 1714, 1716, 1721 and 1728 were all of them evidently made for the purpose of avoiding what was deemed to be an impending stringency of the circulating medium, and of furnishing a currency which should not be subject to the annual withdrawals required for the funds. Concerning the

Plate 10.



Fractional currency, 1737. Photographed by permission of the Essex Institute. Size, 3 in. x 3½ in.



Land Bank or Manufactory bill, 1740. Photographed by permission of Mr. William S. Appleton, of Boston. Size, 3½ in. x 4½ in.

proposed subscription loans of 1728 and 1729, we have no such knowledge as will enable us to speak positively as to their import, but we can add to the suggestions previously made an analysis of certain events selected from the records which will, perhaps, aid us in solving their general character.

October 13, 1727, a petition of certain Boston merchants was presented to the General Court in which they complained that trade was languishing; that trading by truck or barter was attended with great and insuperable difficulties and that the people called for a supply of money in order to purchase their daily bread. A committee was appointed to consider the matter and report at the next session. In February, 1727–28, a committee was appointed to receive and consider in the recess of the Court, any scheme or projection for retrieving the value of the bills of credit or for making suitable provision for a medium of trade and this committee was authorized to take subscriptions of any persons for the fulfilment of such scheme or schemes and make report thereon.[1] A bill was reported December 20, 1729, for the retrieving and ascertaining the value of the bills of credit of the province and a committee was appointed to take subscriptions from such gentlemen as were willing to subscribe as undertakers in the affair. It is probable that this was the progenitor of the plan already described in 1734, and which was attempted in 1738 and again in 1739.

In December, 1739, John Read of Boston submitted a plan for the gradual recovery of silver in trade. He proposed that a number of merchants and gentlemen should deposit in bank a fund of silver and should emit

[1] Mass. Court Rec., vol. 14, p. 48.

their bills for four times the amount of the silver deposit. The silver and the bills were then to be loaned at five per cent. per annum to borrowers who would agree to pay their interest in silver. The silver was to be valued at the then current rate and the bills were to be emitted on that basis. A portion of the bills were to be sunk each year, to cover the gradual conversion into silver. To provide for this, the bills furnished by the undertakers were to run for one, two, three and four years. Then so much of the fund as still remained in bills was to be renewed in a similar way for three years, then for two years, then for one year. Meantime the entire expenses of the affair were to be borne by the undertakers. The original fund of silver was twenty per cent. of the total amount of the silver and bills of the bank. If loans to the same amount at five per cent. were kept alive during ten years, and no charges of any sort against the bank, this twenty per cent. of silver would at the end of ten years have become seventy per cent. "At the end of ten years," says Read, "$\frac{7}{10}$ths. of this bank will be turned into money, and so money may be certainly and very gradually recovered and brought back into all our trade again," but the assembly did not see fit to bestow much thought on his plan.[1]

In March, 1739, Thomas Hutchinson, who afterwards became governor, submitted a plan for importing silver from England. He represented that bills for about £210.000 were then outstanding, £40,000 of which were on loan and £170,000 to be called in by 1742. If these bills were called in there would be nothing left for circulation. He, therefore, proposed that the government should borrow of some company or from private merchants in England 220,000 ounces of silver or

[1] Mass. Arch., vol. 102, no. 113.

the equivalent in gold, for the term of ten years, at the rate of 4 per cent. per annum for interest.[1] A fund should be established for the payment of this loan by a duty or excise on such commodities as was thought best. He submitted a calculation showing the charge to which the province would be put by such a scheme, and further proposed that a bill should be brought in to fix the rates at which silver and gold should be received in payment of past debts. He thought that the whole thing could be adjusted in ten years without disturbance to trade and that then justice which had been banished would be restored. "But this proposal," says Hutchinson, in his History,[2] "was rejected."

We have seen elsewhere that in January 1738-39, the governor signified his willingness to secure if possible the approval of the Lords of Trade to an emission of £60,000. The proposed bill was submitted to certain London merchants for their criticisms, after which a report was made, a copy of which was forwarded to the province by Wilks, the agent, and was submitted to the assembly by Belcher, in October, 1739.

The bill which was described in the report as a proposed emission of £60,000 at the rate of 6*s.* 8*d.* in silver, redeemable one-half in five years, the remainder in ten years, will be recognized as the subscription loan, which was then attempted. The Lords of Trade reviewed the objections which had been made against it, included among which was one that the coin for the redemptions would be locked up for too long a time. They found the act unacceptable in the form in which it was submitted, still they would assent to a similar bill,

[1] At 6*s.* 8*d.* per ounce this was a little over £70,000 New England money and was equal to £52,000 sterling.

[2] History of Massachusetts (ed. 1795), vol. 2, p. 352.

provided none of the new bills of credit should be current until all those emitted prior to 1727, thus including the several loans, should be sunk. They further required that no more should be issued each year than in proportion to what should be paid off and sunk, of the old bills. They also said that all the redemptions provided for up to 1741 must be strictly complied with. The new bills could neither be paid nor received at a higher rate than 6*s.* 8*d.* per ounce of silver. They were to be redeemed at three periods, three, six and ten years, instead of five and ten years, and special contracts were not to be affected by them. By the time that the conclusions of the Board of Trade reached the house, this bill had been forgotten and the whole matter was ancient history. The house curtly disposed of the affair by saying that they could do nothing concerning the bill.

We get an official quotation of exchange in connection with the events of Belcher's administration. The rate on the bills drawn for the payment of the troops which accompanied the expedition against the King of Spain's dominion in the West Indies was fixed at 400 per cent.

It was in 1722 that the first issue of fractional currency was made.[1] Copper had followed the silver and gold and great inconveniences and difficulties had arisen through the want of small money for change. To remedy this five hundred pounds in pennies, two pences and three pences were issued. As it was expected that they would remain in circulation indefinitely, parchment was selected as the material upon which they should be printed. The pennies were round, the two-pence pieces square and the three-pences "sexangular." They simply

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 242.

bore the distinguishing denomination, the title of the province and the date, no promise of redemption being printed upon the face of the token.

In the course of time these must have disappeared and we find it alleged in the preamble of an act in 1737 that people were in the habit of tearing the bills of public credit into halves and quarters and passing them thus torn and defaced.[1] Of course, this was done in order to make change, but apparently advantage was taken by counterfeiters of this rough treatment of the currency and the act in question was passed to prevent such practices. A better remedy for the grievance than penal legislation was found in July of the same year, in the issue of fractional currency, in bills ranging from one penny to sixpence.[2]

This period continued to be characterized by an unusual amount of extravagance in the habits of the people, and this was commented upon by some of the writers of the day. While this phase of life may be accepted as a natural concomitant of an inflated currency, some contemporary writers thought that it was traceable to the use of shop notes.

The activity of the pamphleteers was coincident with their opportunities. The situation in 1733 revived the hopes of those who wished to organize banks and a pamphlet was published that year in which the Rhode Island emissions were attacked and a project for a bank of issue was submitted.[3] Two pamphlets were published

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 827.

[2] Acts and Res. Prov. Mass. Bay, vol. 2, p. 883.

[3] Money, the sinews of trade. The state of the province of the Massachusetts Bay considered with respect to its trade for want of a medium of exchange wherewith to manage, etc., etc. By a lover of his country. Boston, N. E. [1733]. A pamphlet entitled Trade and commerce inculcated . . . with proposals for the bringing gold and silver into the country, Boston, 1731, was purchased at the Brinley sale by the Library of Congress. It cannot be found at present.

in 1736, one in which the merchants' notes were attacked [1] and one in which a proposition was advocated, somewhat similar to that suggested by the author of "A project for the emission of one hundred thousand pounds of province bills, etc.," in 1720, for a resumption of specie payments.[2] These were followed by a proposal for a land bank in 1737.[3] The scheme for emitting £60,000, to be loaned to subscribers, payments for the loans to be made in coin, which was under consideration in 1738, was attacked in a pamphlet published that year.[4] This publication induced Dr. Douglas to take a hand in the controversy and he published in reply to this attack, his "Essay concerning silver and paper currencies," [5] etc., etc. The year 1740 was characterized by great activity on the part of the controversialists, and was made conspicious by the publication, in Boston, under that date, of Douglass's "Discourse concerning the currencies," the most valuable of the many publications in connection with the currency discussion.[6] We have under this date

[1] The melancholy state of the province considered in a letter from a gentleman in Boston to his friend in the country. Printed in the year 1736.

[2] A letter to a member of the honorable house of representatives on the present state of the bills of credit. Boston. Printed in the year 1736. This pamphlet, I attribute to Governor Hutchinson. It was published in connection with the struggles for the resumption of specie payments, 1728–1738.

[3] A proposal to supply the trade with a medium of exchange and to sink the bills of other governments. Boston. Printed in the year 1737.

[4] Some observations on the scheme projected for emitting £60,000 in bills of a new tenor, to be redeemed with silver and gold, showing the various operations of these bills, and their tendency to hurt the publick interest. In a letter from a merchant in Boston to his friend in the country. Boston, 1738.

[5] An essay concerning silver and paper currencies, more especially with regard to the British colonies in New England. Boston, [1738].

[6] The publications that year were: A proposition for a bank, under title of A letter relating to a medium of trade in the province of Massachusetts Bay, Boston, 1740; A discourse concerning the currencies of the British plantations in America, especially with regard to their paper

also the first of the many pamphlets devoted to sounding the praises of the land bank of 1740.[1] During the year 1741, the discussion was mainly confined to the land bank and incidentally its opponent the silver bank.[2] The closure of the land bank removed it from consideration by the controversialists, but one more pamphlet, this time political in its nature, was devoted to a narrative history of its rise, progress and consequences. This was published in 1744.[3]

money. More particularly in relation to the province of the Massachusetts Bay in New England. Boston, 1740; An inquiry into the nature and uses of money; more especially of the bills of publick credit: old tenor. Together with a proposal of some proper relief in the present exigence. To which is added a reply to the essay concerning silver and paper currences (*sic*). Boston, 1740. This pamphlet was by the author of "Some observations" the pamphlet which had called forth "The essay concerning silver and paper currencies," etc., and Douglass appended to the Discourse a postscript devoted to answering the Inquiry.

[1] A letter from a country gentleman at Boston to his friend in the country. Boston, 1740.

[2] Dr. Douglass attacked the bank in a pamphlet bearing the following title: A letter to —— ——, merchant in London, concerning the late combination in the province of the Massachusetts Bay in New England to impose or force a private currency called land-bank money. Published for the public good, 1741. To this there was a reply: A letter to the merchant in London to whom is directed a printed letter relating to the manufactory-undertaking, dated Boston, February 21st, 1740–1. Printed for the public good, 1741. This brought forth: A second letter to —— ——, merchant in London, concerning a late combination in the province of the Massachusetts Bay in New England to impose or force a private currency called land-bank money. This pamphlet bears date: Boston, March 31, 1741. A writer in London was impelled by reading Douglass's Discourse to express his approval of the same through a pamphlet which he entitled "Observations occasioned by reading a pamphlet, entitled, A discourse concerning the currencies of the British Plantations in America, in a letter to, etc., etc." London, 1741.

[3] An account of the rise, progress, and consequences of the two late schemes commonly called the land bank or manufactory scheme and the silver scheme, in the Province of the Massachusetts Bay, wherein the conduct of the late and present G—— during their ad——ns is occasionally consider'd and compar'd. In a letter from a gentleman in Boston, to his friend in London. Printed in the year 1744.

CHAPTER VIII.

THE INFLATION UNDER SHIRLEY.

William Shirley, who was appointed to succeed Belcher in the administration of the affairs of the province, assumed office on the 17th of August, 1741. He was a native of England and a member of the English bar. He was ambitious and his impatience at the probable tedium of his professional advancement at home, combined with his hopes of political preferment in the province, caused him to emigrate to Massachusetts. Cultivated, tactful and adroit, he made the best of the advantages which his education and his opportunities offered and during the ten years which he was in the colony prior to his appointment as governor, he conquered for himself a position of prominence in affairs. Whether his acquaintance with the subtleties of special pleading was of much worth to him in practice before a bench whose numbers were recruited from the community at large without regard to their knowledge of law, may perhaps be doubted, but it is reasonably certain that he had built up a good business in the province, and with its growth had gained considerable reputation.

The perplexities of the situation to which he succeeded were inherent and chronic. There was absolutely no solution which suggested itself to the problem of where should the province turn for a circulating medium when the outstanding currency should be called in. The period was close at hand when by the terms of the royal instructions[1] this vexed question must be answered,

[1] Shirley's instructions from the Lords Justices, bearing date Sept. 10, 1741, are to be found in the Mass. Arch., vol. 49, nos. 52, *et seq.*

and the only visible medium for the trade of the province would then be the bills of public credit which could be issued for annual expenses, the maximum amount of which to be in circulation at any one time after the outstanding bills should be retired, was to be £30,000. If the spirit of the law passed in January, 1738–39 restraining the circulation of bills of the neighboring governments should be adhered to, no reliance could be placed upon those bills for a future currency. Of gold and silver, there was, according to a writer who visited New England about that time,[1] "a great deal" in the hands of the merchants, but, he adds, "they use it only as merchandise and buy and sell it only by weight, to send to England in return for goods."

There was no reason to hope for relief through the use of notes of individuals, or of private banks. Special legislation had been carried through parliament to prevent the land and silver banks from carrying out their projects and knowledge in the province of this action on the part of parliament, cut off the possibility of new enterprises of this sort. It is true that as yet the leaders of the land and silver schemes had not signified their willingness to accept the situation, but the day of grace, beyond which the extreme penalties of the act of parliament could not be restrained, was close at hand. One of Shirley's first efforts was to secure a peaceful compliance with the law. It is quite probable that in this respect he accomplished through his personal exertions what would have been impossible for Belcher. He was soon able to report that the directors of the land bank had "agreed to put an entire end to their scheme." As the silver bank had been organized solely as a check

[1] History of New England by Joseph Bennett, Sparks MSS. H. C., quoted by Palfrey, History of New England, vol. 5, p. 44.

upon the land bank and as there was no disposition on the part of its managers to have any collision with the government, the submission of the directors of the land bank practically removed both of these schemes from further consideration as contributors to the inflated currency.

Two forms of public bills were then in circulation. Market values were measured in the currency which had been in use since 1702, known at that time as old tenor. In adopting the new tenor, Belcher had been prompted solely by the desire to get a greater purchasing value for the number of pounds named in the supply bill then under consideration. At no time during his administration was any effort made to bring all the currency upon the basis of the new tenor bills. Indeed many of the acts authorizing the emission of bills of the new form, also provided for the re-issue of old tenor bills. The first issue of the new bills was in February, 1736–37. It was provided that the tax to be levied for the purpose of calling them in should be laid in terms of the bills themselves, but could be paid in other designated ways, among which was, in bills of the old tenor in the proportion of three for one. No thought was then given to the question whether the two distinct forms of public bills, having the same denominations, but receivable by the government at different values would be treated in trade with the same discrimination as those imposed upon receivers of government dues. In July, £20,000 new tenor were emitted and in the act authorizing this issue an attempt was made to provide a remedy for this omission in the law. It was enacted that all public and private debts which could be paid and discharged in and by province bills of the old tenor, might and should be discharged by the pro-

vince bills of the new tenor in proportion as one for three.[1] This provision did not in any way interfere with the operations of the "Act for the relief of and to prevent the oppression of debtors," [2] which was still in force, under the provisions of which any debtor who should tender satisfaction and payment of his debt in good and lawful bills of credit of this province was exempted from liability to his person or estate under execution. The natural effect of this was that old tenor bills remained practically a legal tender for an ordinary debt. To secure payment of any debt in new tenor currency, there must, therefore, have been a special contract.

Three things in connection with the currency, which were of especial importance, confronted Shirley when he assumed office: 1. There was uncollected of the taxes laid for the redemption of the bills an amount which he sets at £322,407;[3] 2. There were outstanding bills for the calling in of which no taxes had been laid amounting to £105,525; 3. The "act for the relief of, and to prevent the oppression of debtors," would by its terms expire October 31, 1741. He distinctly charges the first delinquency upon his predecessors and especially mentions Belcher. "They neglected," he says, "to cause the treasurer to issue out executions, according to the law of the province, against the constables or other collectors of the taxes in the several towns, to compel 'em to bring the taxes in—which sort of postponing has been practised ever since the first emission of bills after the new charter in 1702, insomuch that a very great arrear of bills, outstanding for want of having executions issued out to bring 'em in, has been successively handed

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 875.
[2] Act and Res. Prov. Mass. Bay, vol. 2, p. 589.
[3] Palfrey's History of New England, vol. 5, p. 105, note.

down from one governor to another, to the time of my entering upon the government." This neglect he immediately took steps to remedy.

With the large amount of taxes outstanding for which the officers in whose hands they had been placed had made no returns, and with no provision made for calling in so many of the bills in circulation, the province was clearly in no situation to profit by the qualified permission given in the royal instructions to issue £30,000 for annual expenses. Nevertheless the assembly proceded to mature a bill for furnishing the government with funds in the usual manner, namely, by a new emission. Inasmuch as this act did not meet with Shirley's approval it would not be entitled to notice in this connection, were it not for the fact that an attempt was made therein to introduce an entirely new form of currency. It was proposed to issue a bill which should be equal to sterling money.[1] This is apparently the only instance in which any effort was made to get rid of the New England currency. Five shillings and two pence in the new bills were to be equal to an ounce of silver. The bills were to be drawn in during the years 1744, 45, 46, through taxes payable in public bills, in silver or gold or in commodities. Should any of the bills remain outstanding after the last of these taxes were paid they were to be redeemed in commodities. In this last provision we can perhaps trace the influence of the land bank. The bill was passed October 7th, and met with Shirley's disapproval on the 14th, not, however, on the ground that it transgressed the royal instructions, but

[1] Described in detail in Shirley's speech October 14, 1741. See Mass. Court Rec., vol. 17–3, pp. 134 *et seq.*

because of various objections that he had to certain features of the bill.[1]

After the rejection of this bill the assembly passed another supply bill in which they provided for the emission of £30,000 and this met with Shirley's approval.[2] In this act a provision was incorporated for calling in the outstanding £105,525 through taxes to be laid in 1742–43. The exigencies of the situation were such, that notwithstanding Shirley's failure to observe the royal instructions as to the time when these bills should be called in, the Privy Council gave a reluctant consent to the bill.[3] Simultaneously with the passage of the supply bill, Shirley secured the passage of an act which was described in its title as "an act to ascertain the value of money; and of the bills of public credit of this province granted this year for the supply of the treasury; and for securing the credit of said bills."[4] The discussion of this bill and an analysis of its effects will take place at a later period. For the present it is enough to refer for descriptive purposes to the title of the bill and to the following extract from a report made by Shirley to the Board of Trade, December 23, 1743: "I prevailed upon the assembly," he said, "to pass an act for securing to creditors the full value of their outstand-

[1] At a later date, January 4, 1743–44, a form of bill was submitted to the council, in which the promise to pay had been involved. The form was as follows:—The province of the Massachusetts Bay promise to pay the possessor hereof being an inhabitant of this province lawful money by the day of Anno Domini 17 Dated 17 .

Witness, A. B., C. D., E. F., committee for signing the bills. An act for better securing the credit of this province bills. Mass. Arch. vol. 102, nos. 280, 281.

[2] Acts and Res. Prov. Mass. Bay, vol. 2, p. 1077.

[3] Palfrey's History of New England, vol. 5, p. 53, note.

[4] Acts and Res. Prov. Mass. Bay, vol. 2, p. 1083.

ing debts for the future, by making an allowance for the depreciation of the bills between the time of contracting the debt and the time of payment." [1]

These two laws were in the opinion of Shirley, "of more service to the country than all the acts of assembly that had been made since the first emission of bills in the province." On the day of their enactment, January 15, 1741-42, he delivered a speech to the assembly in which he announced with an air of great satisfaction that his Majesty had been graciously pleased in the royal instructions for the conduct of the government to omit that portion whereby Governor Belcher had been restrained from giving assent to any act authorizing the emission of public bills of credit, without inserting a suspending clause to prevent its taking effect until his Majesty's pleasure concerning it should be known.[2] Successful in securing the legislation which he desired in the province, and in obtaining from the crown a modification of the royal instructions, he felt for a time that his star was in the ascendant.

By the first of the acts of which Shirley had spoken with such complacency, thirty thousand pounds in bills of a new form were ordered to be emitted.[3]

[1] Palfrey's History of New England, vol. 5, pp. 103, 104, note.

[2] Mass. Bay House Journal.

[3] The form of the twenty shilling bill is given as follows:

No. (). Twenty Shillings.

This bill of twenty shillings, due to the possessor thereof, from the province of Massachusetts Bay, shall be equal to three ounces of coined silver, Troy weight, of sterling alloy, or gold coin, at the rate of four pounds eighteen shillings per ounce; and shall be so accepted in all payments, and in the treasury. Boston, 1741.

By order of the general court or assembly.

} Committee.

Bills of this form were thenceforth called new tenor, while those of the form adopted in 1737 were generally known thereafter as middle tenor bills but were sometimes spoken of as first new tenor bills.[1] To understand clearly the change in the form of the bill of public credit, it is necessary to recall the fact that under the act of 1737, while the declared value of the bills was the same as that which was set forth in those of the new form, their acceptance was compulsory only in certain payments to the treasurer, among which duties of impost, of tunnage and shipping, and income of the light house were not included. Bills of the new form, were, however, to be accepted in all payments and in the treasury. The act for the relief of debtors had by this time expired. The new bills had, therefore, a complete legal tender function.

Any debt of four shillings contracted prior to the passage of this act, specialties and express contracts in writing excepted, could be discharged by one shilling of the bills then emitted. The taxes to be laid for the purpose of calling in the bills were to be distributed over several years in the future, and notwithstanding Shirley's expressed aversion to the use of commodities for this purpose, it was enacted, that the inhabitants of the province could have the liberty to pay the sums to be assessed for this purpose in certain of the produce and manufactures of the province at prices to be fixed in a specified way, they to run the risk and pay the charges of transportation to the treasury.

The new bills of credit or coined silver at 6*s.* 8*d.* per ounce, or coined gold proportionately, could also be used

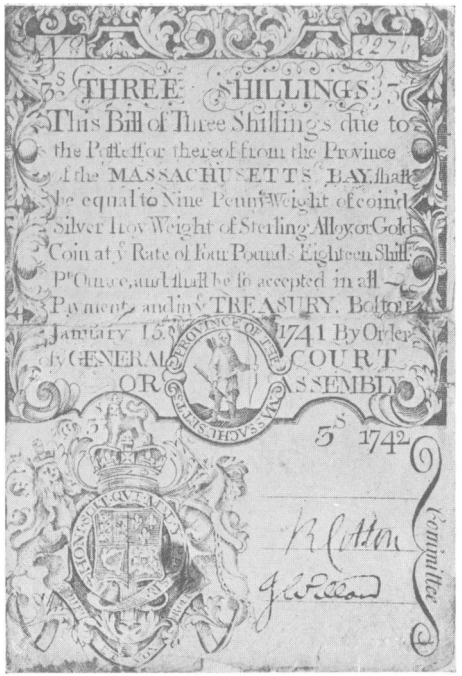
[1] These bills had still another title by which they were sometimes designated, viz. : "Three-fold tenor," based upon their ratio to old tenor. Rev. Nathaniel Appleton's Fast-day Sermon, January, 1747–48. pp. 40–41.

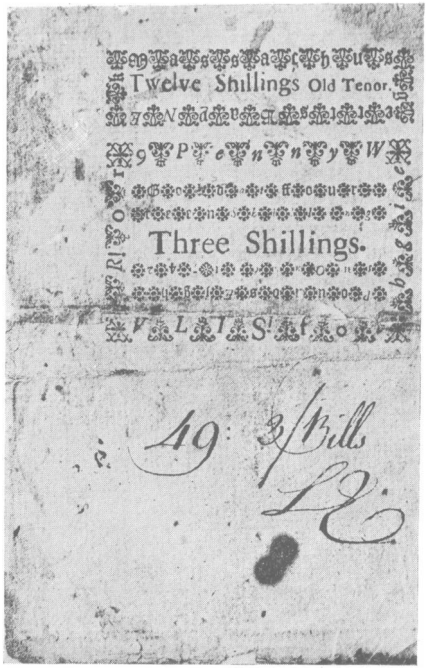
to meet these taxes, but in this connection old tenor bills are not mentioned. This is, perhaps, to be accounted for by the fact already alluded to, that in this act provision was made for the levying of taxes equal in amount to the bills of that form, which were then outstanding without previous legislation looking towards their retirement.

One other feature in this act deserves especial mention. An attempt was made to provide against the wilful negligence of future assemblies, by directing the treasurer to issue his warrants requiring the assessments to be made at the times provided by the act for the retirement of the bills. This form was followed in subsequent acts of emission.

Notwithstanding the fact that the expressed values of the bills of the middle tenor and of those of the new form were the same in silver, 6*s.* 8*d.* in each being equal to an ounce of silver, they were rated at different values in old tenor bills in the acts under which they were emitted. The former were by the terms of these acts receivable for government dues at the rate of one to three of old tenor, while the latter were to be accepted in the proportion of one to four. That is to say, they were pronounced to be of equal value when measured in a medium of trade which had no circulation in the province, but when their value was estimated in the prevailing currency of the province the one was only worth three fourths of the other. This discrimination on the part of the government gave an effective value to the new bills thirty-three per cent. above the middle tenor bills. One pound in bills of the last issue was practically equal to one pound, six shillings and eight pence of the other. The incongruity of the situation seems to have caused some perplexity, to relieve which a reso-

PLATE II.





3*s.* bill, 1742. Second new tenor. The upper signature is red. The silver value and gold rate are interwoven in the border on the back. Size, 4 in. x 5¾ in. Photographed by permission of the Massachusetts Historical Society.

lution or order was passed by the assembly, April 16, 1742, instructing government officers to receive the bills on the above basis.[1] While the legal tender quality of the new bill doubtless added something to its value still, if any reliance was to be placed upon the promises of the province, the middle tenor bill ought to have been the more valuable of the two. In every act authorizing the emission of these bills a provision was inserted to the effect that at any time after December 31, 1742, any person who should have any of them in his possession might bring them to the treasurer and receive in exchange for every six shillings and eight pence in bills one ounce of silver. The province therefore, was pledged to redeem these bills in silver within less than nine months from the date of this resolve. Nor could the assembly plead ignorance or forgetfulness on this point, for Shirley had called their attention to the fact in a message delivered on the 15th of January, 1741–42, only three months before the passage of the order.[2] Rhode Island bills, he said, emitted in 1740 and redeemable only at a distant period in the future passed current at the rate of one for four of old tenor, while the new tenor bill (he thus denominated the bill that just after that date became known as the middle tenor bill) was received only on the basis of one to three. The new tenor bill was redeemable in silver, he said, in less than one year and making due allowance for the future period of its redemption it was worth then at least 6*s.* 5*d.* in silver. If the distant period of time fixed for the retirement of the Rhode Island bill were taken into consideration its value then according to the custom

[1] Mass. Bay House Journal, April 16, 1742; Acts and Res. Prov. Mass. Bay, vol. 2, p. 1104.

[2] Mass. Bay House Journal, Jan. 15, 1741–42.

of merchants in estimating such things was not more than 3*s.* 5*d.* Yet the Rhode Island bills circulated, he said, at the rate of 25 per cent. more than the new tenor bill.[1] Shirley's calculations were based upon the theory that the promises to redeem on the part of the governments meant something. The action of the assembly in April would seem to indicate that so far as the province of the Massachusetts Bay was concerned they did not agree with him. £46,000 in these bills had been printed. They had been issued and re-issued and many of them were still outstanding. Through some mistake made in the treasury there was some difficulty in identifying the specific bills entitled to redemption after December 31, but it was, nevertheless, clear that unless something should be done by the assembly, the province was in imminent peril of being obliged to discredit its own obligations. Notwithstanding this fact, no effort was made to get these bills out of the way, but on the contrary, their discredit was maintained by the government and no effort was put forth to prevent it until December 23, 1742.[2] On that

[1] "At this time the middle tenor bills which were current, passed at 33 and a 3d per cent. less than the Rhode Island bills of the same tenor and equal denomination with themselves, tho' the middle tenor bills were within eight or nine weeks of the time limited for their redemption, and the Rhode Island bills were not redeemable at all with silver and gold, and the period for drawing them in was at 18 years distance; so that according to the common rule of discount the Rhode Island bills were of less value than the middle tenor bills 60 per cent. at least. This is a demonstrative proof of what little expectation the people in general had that the middle tenor bills would be exchanged at the treasury, or rather of the general persuasion that prevailed that the possessors of these bills would have no satisfaction from the government."

An enquiry into the state of the bills of credit of the province of the Massachusetts Bay in New England, in a letter from a gentleman in Boston to a merchant in London. Printed in the year 1743.

[2] A committee was appointed in June to report some proper method for calling in and changing the outstanding bills for bills of the latest

date the council sent a message to the house, calling attention to the situation. They said, "it appears to this board that there is as yet no sufficient provision made for the treasurer's paying off the said new tenor bills which are outstanding, and may be in the hands of private persons, who will have a just and legal right to demand of the treasurer silver or gold for said bills." They thought it would "reflect much upon the justice of this government, if any demands of this nature should be made on the treasurer when he is not furnished to answer them." They, therefore, earnestly recommended the House to make a speedy and effectual provision for sinking and paying off the said bills. The house on the next day passed an order that bills of the first new tenor[1] otherwise called middle tenor should be received on an equality with bills of the last emission, but this did not satisfy the council and they nonconcurred in the order. On the 24th of December, an order passed both houses authorizing the treasurer to exchange the bills at par.[2] On the passage of this last resolution Shirley sent a message to the house in which he said, "I am glad to have the opportunity of giving my consent to your late vote for setting the bills called first new tenor bills, at par with the bills of the late emission in the receipt of the province treasury."[3]

Shirley's interest in this matter was very great and at a later date in a report to the Board of Trade he said, "had I not watched to perfect the vote of the assembly

form and tenor, but this committee evidently accomplished nothing. Mass. Arch., vol. 102, no. 242.

[1] Mass. Bay House Journal.

[2] Mass. Arch., vol. 102, no. 279.

[3] Mass. Bay House Journal, Dec. 23–28, 1742; Acts and Res. Prov. Mass. Bay, vol. 2, p. 1104; see also Preamble, Ch. 15, Laws 1742–43, *Ibid.*, vol. 3, p. 33. This action necessarily created a deficiency in the funds for drawing in the bills of public credit. This was provided

passed for that purpose by instantly giving my assent to it, the assembly would have reconsidered and retracted it in less than twenty-four hours afterward."[1] The remedy was not perfect, but it was better than nothing. It was the only instance in which any allowance of the kind was made to holders of public bills.

The work of repairing the fortifications and generally preparing for defence from invasion in which the province had now for some time been engaged, involved the expenditure of considerable sums of money. It was absolutely impossible to carry out this work if the restraint imposed upon the province by the royal instruction as to the emission of currency, was to be maintained in its integrity. Shirley made representations to the Board of Trade on this point which resulted in a temporary removal of the restraining clause, or rather an expansion of the limit. On the 9th of September he announced this fact to the assembly, saying that seven or eight thousand pounds additional could be emitted for finishing the works and fortifications.[2]

In the spring of 1744, war broke out between France and England. Formal declaration of war was made from the balcony of the state house in Boston on the 2nd of June.[3] Three weeks before this event hostilities had been inaugurated on this continent by the French at Canso. The existing Spanish war had been warning enough of impending danger to cause Shirley to make the efforts already put forth to place the province in a

for by the passage of "an act for apportioning and assessing a tax of eight thousand pounds in bills of the tenor and form last emitted" (Acts and Res. Prov. Mass. Bay, vol. 3, p. 33), in January, 1742–43, the tax to be levied in 1746.

[1] Given in Palfrey's History of New England, vol. 5, p. 107, note.

[2] For the royal instructions see Mass. Arch., vol. 102, nos. 302, 303.

[3] Acts and Res. Prov. Mass. Bay, vol. 3, p. 216.

better posture for defence. However burdensome and dangerous to the welfare of the province were the emissions of currency which had been made for this purpose, the results caused by them were insignificant when compared with the effect of the flood of bills now about to be put forth for the equipment and support of the province troops in the contest in which they were about to engage with the French in Cape Breton and Canada. Up to this time, the restraint of the £30,000 limit imposed by the royal instructions had not been modified, with the exception of the permission for £8,000 additional, announced by Shirley in September. It was evident, however, that if the province was to be expected to wage war upon this continent in behalf of England, extraordinary expenditures must necessarily be made. Under the pressure of these circumstances the restrictions upon the issue of the currency were withdrawn and Shirley was allowed in cases of emergency to give his consent to such acts as might be necessary for the supply of the treasury with bills of credit during the continuance of the present war.[1]

In June, 1744, an act was passed in furtherance of the policy already inaugurated for supplying the treasury with funds for putting the province in a better posture of defence.[2] In this act a new form of bill was adopted which was familiarly known thereafter as the last tenor bill.[3] The last previous form of bill had been declared

[1] Royal instructions, August 9, 1744.

[2] Acts and Res. Prov. Mass. Bay, vol. 3, p. 148.

[3] The form of the twenty shilling bill is given as follows:

No. () Twenty Shillings.

This bill of Twenty Shillings, due to the possessor thereof from the province of the Massachusetts Bay, shall be equal to two ounces thirteen pennyweight and eight grains of coin'd silver, troy weight, of sterling alloy, or

to be equal to silver of sterling alloy, at 6*s.* 8*d* per ounce, Troy weight, so that a twenty shilling bill was to pass at the same rate as three ounces of silver. The bills of the present form were to be equal to silver at 7*s.* 6*d.* per ounce, so that the equivalent weight of silver for a twenty shilling bill was two ounces, thirteen pennyweight and eight grains. The function of the new bills was limited to payments in the treasury.

It was provided that the payments could be made for the taxes which were to be laid for calling in these bills either in bills of credit of the form and tenor by this act emitted, or in bills of the last emission, or in bills of the middle tenor according to their several denominations, or in silver or gold. Old tenor bills were to be received on the basis of four to one of either of the above forms. Commodities were to be received for the same purpose at prices to be fixed by the assembly, the risk and charge of transportation to be borne by the taxpayer.

The adoption of the new rate for silver does not mean that there had been a change in the market value of the metal. It is obviously a mere recognition of an existing depreciation of the bills of public credit, its purpose being probably to furnish a new starting point from which the courts could measure the same.

Notwithstanding the clause in the bills of this issue to the effect that they were to be accepted in the treasury, their function in this regard was limited in the tax levy of that year to one fifth part of the province tax, liberty being given to each inhabitant of the province to

> gold coin at the rate of five pounds ten shillings and three pence per ounce and shall be so accepted in all payments in the treasury, agreeable to act of asssembly, . . . 1744.
>
> By order of the General Court or Assembly.
>
> } Committee.

pay his assessment, "one fifth part thereof, and no more, in bills of the last emission." About one fifth of the bills of this issue were to be retired in 1744, the remainder in the years 1745 and 1746. The purpose of the assembly may be assumed to have been to keep the four-fifths out. Whatever the motive which induced the assembly to place this restraint upon collectors of taxes with regard to the bills of this emission, they were soon overcome by the difficulties inherent in the attempt to carry out this limitation, and on the 19th of December, 1744, a resolution was passed authorizing collectors to receive them for taxes in common with other new tenor bills in 1746.[1]

January 9, 1744–45, the treasurer was authorized to issue £10,000 of these bills.[2] The bills were to pass in all public payments equal to other new tenor bills emitted since 1740. They were to be called in by taxes of future dates, and payments of these taxes could be made in bills of credit of the form and tenor by this act emitted, or in other new tenor bills, or in bills of the middle tenor according to their several denominations, or in bills of old tenor, accounting four for one; in silver at 7*s.*, 6*d.* per ounce; in gold proportionately; or in certain commodities. All subsequent emissions were made in bills of this form and on these terms.

In the tax acts the nominal rate at which silver would be received was maintained at 6*s.* 8*d.* until 1747, when the new rate was for the first time incorporated in these acts. This was to be attributed to the fact that by that

[1] Acts and Res. Prov. Mass. Bay, vol. 3, p. 168. The phrase "bills of the last emission" in the supply bill meant bills of the form first adopted in 1742. As used in the tax act, the same phrase refers to bills of the last form.

[2] Acts and Res. Prov. Mass. Bay, vol. 3, p. 190.

time the first of the bills issued at that rate were due for retirement.

Acts authorizing emissions of public bills for the purpose of putting the province in a better posture for defence were passed June, 1744, and January, 1744–45. On the 9th of February, 1744–45, came the first of the various issues made to meet the expenses of the Louisburg expedition. From June, 1744, to March, 1746, inclusive, a little over £346,000 of public bills of the last form were issued, or if converted into old tenor, over £1,384,000. Then came the Canada expedition.

The ambition of Shirley had embarked the province upon a military career. Success had crowned an expedition, undertaken under circumstances which seemed to preclude the possibility of such a result. Louisburg had fallen, and now the French must be driven off the continent. The mad career of the province in the reckless issues of public bills will be better appreciated if submitted to inspection in tabular form:

Month.		Year.	Amount.	When redeemable.	References in Prov. laws.
June	23	1744	£26,037, 10s	1744, 45, 46	III, 148
January	9	1744–45	10,000	1745, 46	III, 190
February	9	1744–45	50,000	1747, 48	III, 199
April	6	1745	50,000	1749, 50	III, 204
July	9	1745	70,000	1751, 52	III, 244
August	7	1745	70,000	1753, 54	III, 249
February	3	1745–46	50,000	1755, 56	III, 254
March	11	1745–46	20,000	1755, 56	III, 260
July	1	1746	82,000	1757, 58, 59, 60	III, 292
July	1	1746	25,000	1757, 58, 59, 60	III, 297
August	19	1746	20,000	1749, 50	III, 302
September	13	1746	10,000	1747, 48	III, 310
November	15	1746	20,200	1757, 58, 59, 60	III, 314
March	2	1746–47	8,200	1747	III, 322
April	27	1747	20,000	1747, 48	III, 334
July	2	1747	8,000	1748	III, 357
December	12	1748	34,000	1748	III, 376
March	31	1748	25,000	1748	III, 380
June	27	1748	100,000	1749	III, 408

These issues were all of them in bills of the last form. They represented in old tenor £2,793,750, and after allowing for all retirements provided for by law there were outstanding in the spring of 1749, about £2,100,000 old tenor. Under authority conferred by the act for drawing in the bills of credit, passed in January, 1748–49, the treasurer of the province issued his warrants, in the summer of that year, to the tax collectors for £75,000 in bills of the last form, or £300,000 old tenor, thus reducing the amount which ought to have been outstanding to about £1,800,000 old tenor. With silver rated by statute at 7*s.* 6*d.* an ounce in bills of the last form, and old tenor four to one, these being the ratings given in the act of emission passed in 1744, when the last form of bill was for the first time issued, we have the price of 30*s.*, old tenor, an ounce for silver, acknowledged in 1744. From this point the rate rose rapidly with the repeated issues of public bills until 60*s.* an ounce was reached. No variation, however, was made in the form of the bill. 7*s.* 6*d.* in bills were still said to be equal to one ounce of silver, and four shillings old tenor were still to be received for one shilling of the last form. Practically old tenor currency was the medium through which values were measured during this period. As the discrepancy increased between the rate at which bills of the last form were nominally issued and their actual value in the market, there was no other way to state the value of exchange or silver than in terms of old tenor currency. So violent were the fluctuations of sterling exchange, or, perhaps it would be more accurate to say so eccentric were the various rates of speed at which it rose, that Hutchinson, who states that the lowest point of depreciation

reached was eleven for one, adds in the same paragraph, that perhaps "the difference was really twelve to one." The variation of a fraction of one per cent. will to-day determine the direction of the movement of gold across the Atlantic, but whether the limit that exchange then reached was 1200 or 1100 Hutchinson, a careful contemporaneous observer, could not say. In London, exchange was vaguely spoken of at that time as having risen to more than one thousand per cent.[1] It is obvious that under such conditions it was impossible to speak definitely upon this point, and it is difficult to conceive how the market rate could have been ascertained.

This condition of affairs had been brought about through the military ambition of Shirley. The emission of a few public bills of credit was as Hutchinson said, "an easy way of paying public charges." This lesson the council of war at Louisburg had learned and they proceeded to apply it in providing means of their own devising to meet their emergent expenses.

On the 15th of July, 1745, at a meeting of the council held at the citadel in the city of Louisburg, at which the Honorable William Pepperell, President, and the Honorable Commodore Warren were present, the following vote was passed:

> Advized, that notes or bills under the hands and seals of Gen[l] Pepperrell and Com[re] Warren be made to the value of ten thousand pounds, New England currency of the old tenor, to pay off the workmen employed on the repairs till money can be had here to exchange them.
>
> That said notes or bills be of the denomination of 5/, 10/, 15/, 30/, & £3,—two thousand pounds of each, and of foll[g] tenor.

[1] Letter of Christopher Kirby to the house of representatives, January, 1747–48. Mass. Arch., vol. 20, no. 408. Memorial of merchants and others trading and interested in New England to the Lords Commissioners of the Treasury, [September 21, 1748.] Mass. Arch., vol. 20, no. 445.

(No.) Louisbourg. 1745 (Denomination.)

The possessor of this bill issued for service done on the repairs and for contingent charges of this garrison is entitled to New England currency of the old tenor, from us.

SEAL. Name. SEAL. Name.

That all the bills of each denomination be written by the same hand.

That Jos. Dwight
And. Burr
Wm Williams } Esqrs
Ricd Gridley
Jno Storer

be a committee to prepare said bills.

That a proclamation be issued, notifying that the possessors of said bills shall have them exchanged at the Treasury here, and prohibiting the altering, counterfeitg, or forging any of them, or passing them knowg them to be altered, counterfeited or forged, on penalty of the person or persons so offending having one of their ears cut off and paying treble damages upon due conviction.[1]

Concerning the emission of these bills we know nothing, except what is contained in the foregoing order Their influence upon the situation was not felt in the province. The fact that such bills were emitted is a curious commentary on the times, but is otherwise of little consequence.

[1] The foregoing order is from vol. 10 of the 6th series Coll. Mass. Hist. Soc. devoted to the Pepperell Papers, pp. 37, 38. I am indebted to Mr. Charles C. Smith for his kindness in calling my attention to it.

CHAPTER IX.

ATTEMPTS AT ADJUSTMENT OF DEBTS.

Before resuming the chronological narrative of the currency question, it is important that we should devote a short time to the consideration of the adjustment of debts, a subject which had been full of perplexities from the beginning of the issue of paper money, but which during the inflation under Shirley became practically incapable of any just solution.

We have seen that in 1742, Shirley took great pride in the passage of two laws, in the shaping of both of which he believed that his influence had been paramount. The first of these, the supply bill, has already been considered. The second, the act for ascertaining the value of money, belongs to a class of legislation, which requires for its clear comprehension, that it should be examined independently from the question of emissions. The various struggles that took place in Shirley's time in connection with the interpretation and enforcement of this act, are so confusing in their details, and yet at the same time so important in their bearing upon events, that even if the general subject were not entitled to separate consideration, the narration of the facts associated with this attempt to protect creditors would compel independent investigation.

For nearly thirty years the act for the relief of, and to prevent the oppression of debtors, originally passed in 1712, had by various extensions been maintained as the law of the land. Practically, as has already been said, it made old tenor bills a legal tender. Shirley was thoroughly opposed to the principle embodied in this

law, which by the terms of the last extension was, when he assumed office, about to expire. He charged that through the instrumentality of this act injustice had been done to creditors in the past, particularly to British merchants, who had through the depreciation of the bills continually suffered large discounts in the adjustment of their accounts. He included also among the sufferers, widows and orphans residing in the province, whose estates were injured in a similar way. He gave figures showing the advance, during certain periods, in the rate of exchange between bills of credit and sterling money, and pointed out the injustice of compelling creditors to accept the depreciated bills in settlement of their debts. With a certain amount of confusion in his attempts to express the discount, he asserted that it "was the same thing as if the government had passed a law in each of those years that creditors in trade should be obliged to accept twenty, a hundred and ten, and a hundred and sixty per cent. less than the real value of their debts."[1]

So long as Shirley entertained these views it was impossible to secure by legislation any further extension of this act. There were, however, several abortive efforts made, in one direction and another, to secure a settlement of the question underlying the act, before a final agreement was reached between the house, the council, and the governor. Two days after Shirley delivered his inaugural address, and probably before his views were thoroughly appreciated, a committee was appointed by the assembly to consider what should be done in view of the fact that the act for the relief of debtors was about to expire, and in the same month an act for ascer-

[1] Palfrey's History of New England, vol. 5, pp. 102–103, note.

taining the value of paper currency within this province and fixing a medium to supply the place of it, was matured in the council, but unanimously rejected by the house. In a supply bill which was enacted by the assembly but rejected by the governor in October, 1741, a complicated scheme was incorporated for the adjustment of outstanding debts. They were to be classified in three divisions: I. Those contracted prior to October 31, 1729; II. Those contracted between that date and October 31, 1735; III. Those contracted subsequent to the last date. The act contained a provision for the emission of a new note on a sterling basis, and in the scale for the adjustment of debts this note was recognized, but taking old tenor bills as the measure, debts of the first class were to be settled in these bills, on the theory that silver was then worth 20*s.* an ounce. For the second class, the bills were rated in a similar way as equal to silver at 24*s.* an ounce, and for the third the rate was fixed at 28*s.* 6*d.* an ounce.

We are indebted to this act for a lengthy message of disapproval from Shirley, in which, after mentioning his objection to the bills proposed to be issued, both on account of their form and that they were made a legal tender for debts, he argued that the payment of taxes in commodities laid the province open to prejudicial combinations on the part of those who could control their prices, and then went on to review the situation in detail, and point out the progress of the depreciation of the bills of public credit. He disapproved of the scale proposed for the adjustment of debts, and stated that between 1712 and 1730, exchange had risen from 50 per cent. premium to 250 per cent., and now it was 450 per cent. He also disapproved of the combination of the equitable part of the bill with a

supply bill. It will be seen that the basis for the adjustment of debts contracted after 1735, in the proposed bill, corresponded closely with what Shirley says the premium was. The message was an able document and doubtless had weight with the assembly,[1] for they did not in this case, as they had frequently done with other governors, grimly assert that they had done the best that they knew how to furnish a supply to the government, and put forth the claim that it was not their fault if there were no funds, but in due course of time, they matured a bill in consonance with Shirley's views. They also detached the subject of the adjustment of debts from the supply bill and enacted in January, 1741–42, the second of those bills which Shirley thought of so much value to the province.

The act for ascertaining the value of money, etc., provided that all coined silver of sterling alloy should pass at the rate of 6*s.* 8*d.* per ounce, Troy weight. All private trade and dealings where no other lawful money or thing was expressly contracted for, were to be considered as intended to be in and for the money aforesaid. That is to say, silver coin at 6*s.* 8*d.* per ounce was to be the basis of private contracts unless something else was specified.

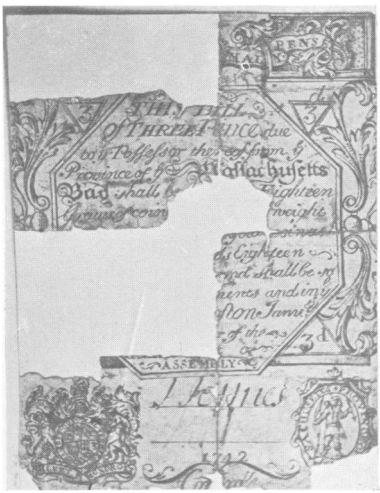
The effect of the foregoing was, however, modified by subsequent sections which provided that the province bills emitted for the supply of the treasury that year should be taken on the basis of the above rate of silver. For five years from the last day of March, 1742, all debts where no special method of payment was provided, were to be deemed to be upon a silver basis. A debt of six shillings and eight pence could be paid with an ounce

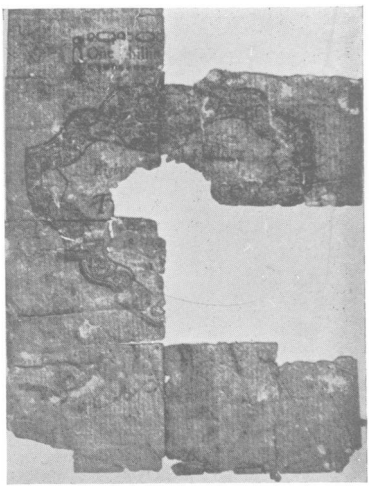
[1] Mass. Bay House Journal, Oct. 14, 1741.

of silver, or with six shillings and eight pence in the bills emitted that year, or in so much of the province bills thereafter to be emitted as would purchase an ounce of silver. Special provision was made for the depreciation of the bills. In case they should pass at a lower rate than that set by the act, an allowance was to be made to the creditor, and the depreciation was to be estimated once in six months by the General Assembly or if they should fail to do so, then by a committee composed of the eldest councillors from the several counties, and if they also should fail in their duty, then the superior court of judicature was to appoint a jury for the purpose. The price of silver and the cost of bills of exchange were to be the means of determining the depreciation. Grants made by the assembly payable in sterling money, which were to be settled out of the money which should be raised under the supply act of this year, were to be paid at the rate of 5*s.* 2*d.* sterling for 6*s.* 8*d.* of the bills emitted. It will be seen that if the normal rate of exchange was 1.33⅓, this conversion was based upon silver at 6*s.* 10⅔*d.* per ounce.

Hutchinson[1] thus describes this act: "This was a scheme to establish an ideal measure in all trade and dealings, let the instrument be what it would. The act which passed the court declared that all contracts should be understood payable in silver at 6*s.* 8*d.* the ounce, or gold in proportion. Bills of a new form were issued, 20*s.* of which expressed in the face of the bill three ounces of silver, and they were to be received accordingly in all public and private payments, with this saving, that, if they should depreciate in their value, an addition should be made to all debts as much as the de-

[1] History of Massachusetts (ed. 1795), vol. 2, p. 361.





Bill for 3*d*. This plate was originally prepared for the bill for 8*d*. under the Act of 1741–42, and was altered to 3*d*. by authority of Resolutions of Jan. 14, 1742–43. Photographed by permission of the American Antiquarian Society. Size, 3¾ in. x 4¾ in. The back bears the woodcut prepared for the bill for 3*d*. in 1737.





Bill for 2*d*., emitted under the Act of June 20, 1744, the engraved designs for the bill being those prepared for the 1742 emission. The date 1742 appears over the word "Committee." The woodcut on the back was prepared for the one-penny bill, 1737. Photographed by permission of the Lenox Library. Size, 3¾ in. x 4¾ in. The bills of this date are third new tenor bills.

preciation from the time of the contract to the time of payment. How to ascertain the depreciation from time to time was the great difficulty in framing the act. To leave it to a common jury would never do. There was some doubt whether a house of representatives would be wholly unbiased. At length it was agreed that the eldest counsellor in each county should meet once a year and ascertain the depreciation." Later, speaking of the operation of the law, he says,[1] that "the counsellors appointed to estimate the depreciation never had firmness enough in any instance to make the full allowance, but when silver had rose 20 per cent. or more, an addition was made of four or five only. The popular cry was against it, and one year when Nathaniel Hubbard, Esquire, the eldest counsellor for the county of Bristol, a gentleman of amiable character, and who filled the several posts he sustained with applause, endeavored to approach nearer to a just allowance than had been made in former years, he felt the resentment of the house, who left him out of the council next election. In short, the act neither prevented the depreciation of the bills, nor afforded relief in case of it, and was of no other service than to serve as a warning, when an act was passed for establishing a fixed currency a few years after, to leave nothing to be done by any person or bodies of men, or even future legislatures, to give the act its designed effect, but in the act itself to make full provision for its execution in every part."

The act for the relief of debtors had expired October 31, 1741. The section in the new act defining the method in which the new bills might be used in the ad-

[1] History of Massachusetts (ed. 1795), vol. 2, p. 362.

justment of debts did not go into effect until April 1st, 1742. In the supply bill passed July 1, 1742, this gap was covered by a provision that debts contracted prior to October 31, 1741, payable in old tenor, and also any debt contracted in the interval between that time and April 1, 1742, where the parties had not expressly agreed otherwise, could be discharged by the new bills in the proportion of one to four, old tenor. This provision as to the reception of the bills in payment of debts was reenacted in the supply bills of January, 1742–43, and November, 1743.[1]

The act for ascertaining the value of money seems to have made the debtor class of the community restless, and their efforts for relief began to crop out in various schemes for legislative interference. In December, 1742, an "act to enable debtors to discharge all specialties and express contracts in writing, with province bills according to equity and good conscience", was put through the preliminary stages, but finally failed of passage.[2] In April, 1743, an "act for the equitable payment of bonds and debts contracted before the last day of October, 1741", was bandied about between the board and the house,[3] it being evident from the record that there was a wide difference of opinion between the two bodies as to the character of legislation required in this direction. On the 19th of April, the bill being then in possession of the council at the stage of engrossment, the house sent up to the board asking that it be sent down to them. On the receipt of the bill, they passed a resolve, in the preamble of which they called attention to

[1] Acts and Res. Prov. Mass. Bay, vol. 3, pp. 11, 32, 115.

[2] Mass. Bay House Journal, Dec. 24, 29, 31.

[3] Mass. Bay House Journal, Jan. 7, 1742–43, April 6, 1743, April, 7, 8, 12, 14, 19, 1743.

the fact that under the direction of the superior court of judicature, a committee had established the value of an ounce of silver in bills of the last form at 7*s.* 2*d.* It did not appear it was said that there had been any such depreciation of the bills of public credit.[1] It was, therefore, unanimously resolved by the house that all debts contracted between March 31, 1742 and March 31, 1743, specialties and contracts excepted, should be deemed and adjudged equal to the real value only that such bills passed at when such debts were or should be contracted. If the bills should depreciate then an allowance should be made. This was sent up to the Board, but met with a unanimous non-concurrence. The council then voted that a committee should be ordered to prepare the draft of a bill for explaining such clauses of any of the acts of this province then in force as related to the payment of debts contracted prior to October 31, 1741, in bills of this province. In this action the house concurred, and as a result of the discussions which then took place an act in explanation of sundry acts of this province relating to the payment of private debts contracted before the 31st day of October, 1741, was agreed upon, and on its final passage on the 21st of April, just before the close of the session, this bill appears from language used by Shirley to have received the unanimous approval of the assembly.

Notwithstanding this fact, Shirley stated that the matter was too important for him to give his approval without making some investigation of the subject. He would announce the result of his examination at the next session. This he did on the 27th of May, immediately after the opening of the General Court at the May

[1] Mass. Arch., vol. 102, no. 289, Mass. Bay House Journal, April 19, 1743.

session. He had in the meantime made a thorough research into the practice of the courts in entering up judgments, and the message, in which he set forth the results of his investigation, though perhaps unnecessarily verbose and more in the nature of an attorney's brief than a state document, was, nevertheless, a paper of considerable merit, containing much information of value. He intimated that it was impossible to explain away the obvious meaning of a statute by a palpable misconstruction, and while he felt constrained to withhold his consent from the act as passed, he pointed out certain features which met his approval.[1]

On the 8th of June, a resolution was passed by the assembly and approved by the governor, which seems to have been based upon the facts set forth in the governor's speech, in which it was asserted that from 1712 to 1742, it had been the uninterrupted practice of the courts in chancering penalties upon all bonds and mortgages, the conditions of which were the payment of bills of credit or lawful money,[2] to make up judgments for the nominal sum expressed in the conditions of such bonds with the addition of interest due thereon ; and the executions awarded on said judgments had been levied by the sheriffs for the value of the nominal sum, in bills of credit of the old tenor. After the passage of the supply bills of July, 1742, and January, 1742–43, some of the judges, in making up judgments on bonds and mort-

[1] Mass. Bay House Journal for April and May, 1743.

[2] Lawful money down to 1737 must have been the piece of eight of 17 dwt. at 6*s*. Silver in this money was rated at 7*s*. 3*f*. an ounce. The new tenor money was said to be equal to silver at 6*s*. 8*d*. per oz. It would seem as if this must have furnished a definition for lawful money at this point, but the situation is further complicated at a later date by the piece of eight being rated at 6*s*. in the same act in which the ounce of silver is declared to be worth 6*s*. 8*d*.

gages, made allowances for depreciation from the time the debts were contracted. It was, therefore, resolved by the General Court that this course if pursued would be attended with manifest injustice and oppression. The courts were consequently empowered to reconsider such judgments and were recommended to return in the future to their former practice in such cases.[1]

On the 27th of May, 1743, Shirley said to the assembly, "I think the General Court in 1736 gave the creditors an expectation that the outstanding bills of the old tenor should be exchanged at the treasury in 1742 for silver at the rate of one ounce for every twenty shillings in bills." In discussing the question of who was entitled to relief, he drew a distinction between hoarders of bills and ordinary creditors. Again, on the 10th of June, 1743, he adverted to this subject in a general review of the currency question and of the effect of the depreciation upon debtors and creditors. He approved of the action taken in chancering bonds and mortgages, but thought the province should make good the loss to creditors. He called attention to the various clauses in the acts authorizing the emission of bills, under which liability on the part of the province to maintain the bills at certain standards might be implied. The acts of 1736–37–38 he said made twenty shillings old tenor equal to one ounce of silver, but in 1741, the assembly had reduced this value one-quarter.[2] He thought creditors entitled to some protection against such legislation. He admitted that at the very time that some of these

[1] Acts and Res. Prov. Mass. Bay, vol. 3, p. 68; Mass. Arch., vol. 102, no. 293.

[2] This is Shirley's method of stating the fact that the first new tenor bills were receivable one for three of old tenor, the second one for four.

acts fixed the value of silver in old tenor bills at 20*s.* an ounce it was actually worth 27*s.*, but he thought by some means an equitable adjustment could and ought to be made.[1]

In the quotation from Hutchinson, relative to the operation of the act for ascertaining the value of money, we have seen that he attributed to the committee of councillors, unwillingness to recognize the actual extent of the depreciation when they were called upon to determine the rate, and that there was doubt whether the house of representatives would have been unbiased. The resolution already referred to, passed by the assembly, April 19th, was embodied in an act in June of that year.[2] An examination of this act will forcibly recall this suggestion.

In the preamble, the facts set forth in the house resolution were repeated. It was asserted that the judges of the superior court, in pursuance of the law, had made inquiry as to the depreciation, by a committee appointed for the purpose, that this committee had lodged a certificate in the secretary's office to the effect that seven shillings and two pence of bills of the last form and tenor were equal to one ounce of silver, whereby an addition of six pence was made upon every debt of six shillings and eight pence. No such depreciation, it was

[1] This fact was stated by one of the pamphleteers of the day as follows: "At the time of emitting the middle tenor bills the price of silver in bills of the old tenor was twenty-six shillings and eight pence at least per ounce, notwithstanding which twenty shillings in old tenor bills (which would not purchase more than three-quarters of an ounce of silver) was by that act made equal in all public payments to six shillings and eight pence of the middle tenor bills, which by the same act is valued equal to an ounce of silver." An enquiry into the state of the bills of credit of the province of the Massachusetts Bay, etc., etc., 1743, p. 15.

[2] Acts and Res. Prov. Mass. Bay, vol. 3, p. 80.

said, had taken place. The bills were of as much value for the purchase of exchange when the certificate was filed as they ever had been. The trouble lay with the debtor who had not strictly followed the law. Every debt of six shillings and eight pence was declared by the law to be equal to one ounce of silver, and the debtor ought to have regarded his debt as payable in lawful money. Public bills, being as a matter of fact, the only medium of common trade, there would be continual danger of the computation of debts according to the depreciated value of the bills, whilst the real measure was deemed by law to be lawful money.

It was, therefore, enacted that debts contracted since March 31st, 1742, or that should be contracted after the date of the act, were to be deemed equal to the value at which the bills passed when the debts were contracted. Depreciation which took place between the time of contract and time of payment was to be allowed by the courts, so that the payment should be equal in value to the debt when contracted.

Perhaps this abstract of the act and its preamble may not seem clear, but the preamble can be interpreted in such a way as to render the law intelligible. It will be observed that the discount of the bills is not denied. The assertion is that it did not take place within the period covered by the certificate. If the statement had been made that the rate of silver March 31, 1742, was 7*s.* 2*d.* per ounce in these bills, then it would have been clear that under the clause in the law covering the question of depreciation debtors ought not to pay sixpence additional on each 6*s.* 8*d.* of their debts. In effect, the assembly says in this preamble, that there has been no discount, because the bills are available for just as much in the purchase of exchange as they ever were, and they

then go on to say, the debtor must remember that an ordinary debt is measured by the silver which the bills would have purchased when the debt was contracted, and it must be settled by the payment of enough bills to procure the same amount, no matter what the depreciation may be.

It will be remembered that the act of emission fixed the value of the bill by saying that 6*s.*, 8*d.* in the bills were equal to an ounce of silver, and this must have determined the courts in fixing the amount of depreciation, whereas, if what the assembly allege in this preamble is true, then the bills must have fallen to the lower rate at once. For proof that this conjecture is true we may refer to a message of Shirley's to the house on the 30th of May, 1743. He was discussing the values set upon the bills by a committee of the superior court of judicature at the February term in Suffolk county; £137, 10*s.* in bills was said to have been equal on the 28th of February to £100 sterling, and 7*s.*, 2*d.* was then equal to an ounce of silver.[1] He added that the bills were of no greater value than this at the time of the passage of the act, notwithstanding the fact that they were rated therein at 6*s.*, 8*d.* They were, therefore, rated in the act at 7½ per cent. above their current market value. It was the intention, he said, that the depreciation should be estimated from the current value of the bill and not from the rate stated in the act.[2]

Under the act which we are now considering the duty was thrown upon the courts of making the allowance for depreciation. The method of doing this was not

[1] Mass. Arch., vol. 102, no. 287.

[2] See quotation from An enquiry into the state of the bills of credit, etc., ante, p. 182, n.

necessarily changed. The act was in addition to and explanation of the former act.

From what has already been said it will be apparent that an agreement between the two houses as to how the depreciation should be determined had not been reached without a struggle. The journals of the two bodies furnish us with still further details of this contest, an examination of which may, perhaps, be worthy of our attention. On the 16th of February, 1743–44, the house resolved that whereas it was near six months since the value of public bills in silver or bills of exchange had been fixed under the provisions of the act for ascertaining the value of money, a committee ought to be appointed to consider the rate at which province bills then commonly passed, in proportion to bills of exchange or silver and lay before the court the evidence which governed their conclusion. Under the law as it then stood, the performance of this duty rested primarily with the assembly. This action of the house was, therefore, a mere announcement of a determination to perform a duty imposed upon the representatives which, however, was probably dictated by a desire to secure a better rating of the bills than had been accomplished by the methods of estimating the depreciation which had actually been employed. In this action the board concurred on the 17th.[1] On the 21st of February the house instructed the secretary to inform the justices of the superior court that such a committee had been appointed, and on the 25th of February a report was presented which proved to be acceptable to the council, but was rejected by the house. Still another report of a committee appointed to ascertain the value of money was

[1] Mass. Arch., vol. 102, no. 332.

presented March 3, 1743–44. In this latter report the value of the ounce of silver was fixed at 7*s.*, 6*d.* in the new province bills. £142, 10*s.* of these bills were said to be equal to £100 sterling.[1] Again the council agreed with the report and adopted an order that this should be the rule by which judgments should be made up in the the courts, and again the house non-concurred, and this time they voted that however much the bills of the neighboring provinces had depreciated, bills of this province, in consequence of the fact that the time for their redemption was drawing near had not lessened in value and they resolved that the actual rate of silver in these bills was 7*s.*, 2*d.* an ounce and £137, 10*s.* in bills equal to £100 sterling.[2] With this the council unanimously non-concurred and on the 8th a conference was appointed to be held on the 9th. This, however, apparently failed to accomplish anything in the way of bringing the two bodies to an agreement as the council on the 10th, after the conference voted to adhere to their position. The house thereupon voted to refer to a joint committee the question of the rate at which province bills then commonly passed in the province in proportion to gold and silver and bills of exchange on London. On the 13th such a committee was appointed and on the 14th a report was submitted in which it was stated that the rate set by the former committee was just and this the council unanimously approved.[3] The house, however, continued recalcitrant and after having rejected the report of the committee they passed an order asserting in the preamble that the bills of credit of this pro-

[1] Report dated March 2, Mass. Arch. vol. 102, no 338.

[2] Mass. Arch., vol. 102, nos. 338 and 339.

[3] Mass. Arch., vol. 102, no. 341.

vince had in no degree depreciated since March 31, 1742. The house had determined a rule for the courts in which the board had non-concurred and there was no probability of agreement, they therefore voted that the eldest councillor of each county do forthwith meet as a committee and determine the rates of said bills of credit as the law directs, and that a certificate under their hands, or the hands of the major part of them, be lodged in the secretary's office accordingly. Whatever the intention of the house may have been in making this proposition, the council would not agree to it, but voted that the affair be left to the determination of the eldest councillors in each county, according to the directions of the law in that case made and provided, and that they be desired to meet forthwith in the said affair. To this the house in turn would not assent, but on the 16th the two bodies agreed upon a resolution in which after the language of the act which set forth the manner of proceeding was recited in the preamble, a vote followed that the said councillors do forthwith proceed to determine the affair as the law directs, and that a certificate under their hands or the hands of the major part of them be lodged in the secretary's office accordingly. It is hardly worth our while to waste any time in searching for all the points concealed beneath the language of the several orders above given and hereinafter recited. The temporary solution of the point seemed to consist in referring the determination of the matter as the law should direct to the councillors themselves, but it is obvious that the hint given by Hutchinson, which has already been referred to, was involved therein, and it is probable that a knowledge of the opinions of the individual councillors who were eligible to serve on this committee would help us to interpret the action of the two bodies.

A committee was appointed December 21, 1744, to inquire into the present value of the bills. They reported that in the bills issued since 1741, an ounce of silver was rated at 7*s.* 6*d.* and £100 sterling was equal to £142, 10*s.* in said bills. This was adopted by the council and accepted by the house.[1]

January 11, 1745–46 the house renewed this contest by sending up a vote that the eldest councillor in each of their counties where any of his Majesty's council inhabit be directed to ascertain the present value of the bills of credit of the province agreeably to the law in this case provided. Apparently nothing came of this for on the 25th of June a committee was appointed to ascertain the value of the bills. On the 28th of the same month the house in consequence of the failure of this committee to report, renewed its vote appointing the eldest councillors to perform that duty. On the 23rd of July they sent up to the council to ascertain if they had acted in the matter and learned that no action had as yet been taken. The next day the board voted that, whereas the six months since the last stating of the value of the bills of credit had expired on the 23rd, and some of the councillors appointed by law to state the value of the bills in case of failure of the General Court to do the same were then absent, it should be the duty of John Osborne, Esq., the eldest councillor then in Boston, to forthwith convene the other eldest councillors of the respective counties at Boston and appoint a day as soon as conveniently might be for their meeting in the said affair, that so a rule might be by them determined for the procedure of the courts in making up their judgments according to law.

[1] Mass. Bay House Journal, Dec. 27, 1744. The same rates adopted June 28, 1745, and January 9, 1745–46. See House Journal of these dates.

There was something in this vote that the house did not like and they sent up a messenger to the council with instructions to state to the board the provisions of the law bearing on the question and to add thereto a statement that the house desired that the eldest councillors then in town should notify the other councillors to convene as soon as might be to perform this duty. The record of this conflict between the two houses ends here, but it is probable that in some manner a rate was fixed for the rule of the courts in making up judgments.

On the 2d of February, 1746–47, a committee was appointed to ascertain the value of the bills and this committee, Feb. 13, fixed the rate the same as the last which had been determined, but a question was raised on the next day as to the validity of the action of the council because some of the committee were then absent. The matter came up again March 26, 1747, and a vote of the council then passed was sent down to the house. In the preamble to this vote the council asserted that at the time of the last establishment of the value of the bills, February 18, all the councillors entitled to act were not present. For this reason the action then taken was perhaps not legal. Moreover they went on to say, the agents of the province at the court of Great Britain were then soliciting the reimbursement of the great expenses to which the province had been put in the reduction of Cape Breton. The result of this application would soon be known and in case it was favorable, it might reasonably be expected that the bills of public credit would greatly advance in value. For these reasons, justices were ordered in making up judgments at any time before August 1st, not to allow for depreciation otherwise than they had been wont in con-

formity with the several settlements of the value of bills preceding that of February 18th. The house would not agree to this in the form in which it came to them but on the 31st, the council having in the meantime solicited them to reconsider their action, they voted: That whereas the determination of value on the 18th of February was of doubtful legality, they would remove the doubt by voting that it was void and of no effect, and as the success of the solicitation of the province agents for a reimbursement of the charges of the late expedition might very much affect the value of bills, and the event of such solicitation was daily expected, they would therefore order the justices in making up judgments before August 1st next, to allow for depreciation, in like manner and not otherwise than they had been wont to allow in conformity to the settlement of said bills last preceding the before mentioned of the 18th of February.

June 18, it was voted that the judges should proceed in making up judgments on the same basis until the 18th of February next, but on the 27th of June, 1747, Shirley refused his assent to this vote. No further action was taken until August 13th, when a committee was appointed to see what they thought necessary to do under the case after August 18th. On the 15th this committee was ordered to report forthwith and on the 18th their report was received and accepted.

On the 19th the house voted that they had taken the laws for the more equal payments of private debts into consideration. The rates of silver and bills of exchange were governed by the extravagant prices paid for bills of exchange to make remittances. The price of produce bore no proportion to them. If no special agreement had been made the judgment upon a debt should

be for the sum appearing to be due, but for as much as such as had debts contracted before the last day of March 1747, on which they might expect an allowance for depreciation because of the laws in their favor and the difference in value between bills then and now, it was therefore ordered that on debts contracted before March 31, 1742, on which not more than six per cent. interest had been received, for every £100, £10 should be allowed for depreciation. In a similar way for those contracted after that date and before March 31, 1745, £7, 10*s.* should be allowed on every £100. On debts contracted after this last date and before March 31, 1747, £5 should be allowed on every £100. This was finally adopted August 25, with an amendment, the details of which are not given.

On the 28th of August, Shirley again interposed and refused his assent to this determination of values. He assigned certain technical reasons, each of which would have been fatal to the legislation if insisted upon, but none of which would in any probability have been mentioned except for the fact that in his judgment the protection afforded to the creditor by existing laws was by this action arbitarily set aside. He then alluded to the neglect of the committees appointed by law to ascertain the value of the bills, to make a just allowance for their depreciation from time to time during the past four years or thereabouts as it was their duty to have done.

On the 8th of September the subject was again committed and a report was received on the 19th of October which was adopted in the House on the 20th. The governor gave his consent to the scheme on the 27th.

On debts contracted prior to March 31, 1742, 15% was allowed for depreciation.

On debts contracted between that date and March 31, 1744, 12½% was allowed for depreciation.

On debts contracted between that date and March 31, 1746, 7½% was allowed for depreciation.

On debts contracted between that date and March 31, 1747, 5% was allowed for depreciation.

No allowance to be made for depreciation where more than 6 per cent. interest was charged.

A report was adopted March 3, 1747–48 bearing on this subject, but we have no details. These are to be found, however, in a report dated November, 9, 1748.[1] It did not meet with Shirley's approval, being so unjust in its operations in his opinion, that it would be better to leave the matter in the hands of the courts. It will, however, serve to show the opinion of the assembly as to the depreciation. The allowances were as follows:

On debts contracted before March 31, 1742, 20%.

On debts contracted after March 31, 1742, and before March 31, 1744, 16½%.

On debts contracted after March 31, 1744, and before March 31, 1746, 10%.

On debts contracted after March 31, 1746, and before March 31, 1747, 6½%.

No allowance to be made if more than 6 per cent. interest charged.

A committee was appointed February 24, 1747–48, to determine the value of the public bills, but we have no report of its action.[2]

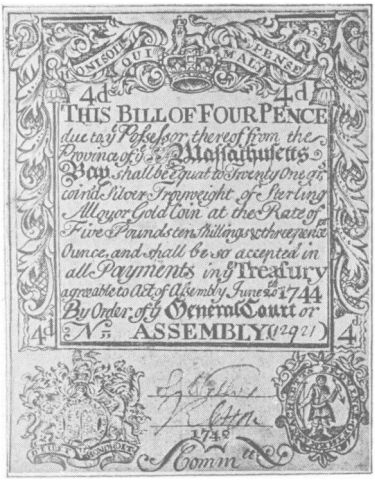
A review of the rates which had been fixed from time to time by the committees will enable us to judge of the consistency of the Assembly. These will be found in tabular form on the opposite page.

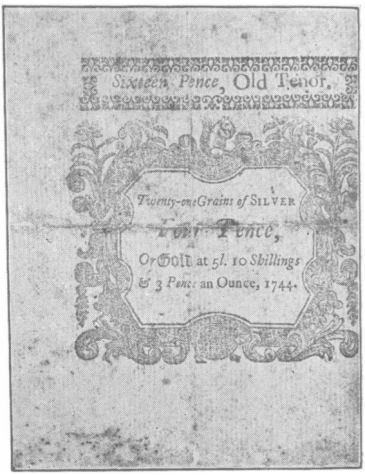
The pressure in behalf of the debtors found expression in January 1744–45, in the passage of an act in addition to the act for ascertaining the value of money and of the bills of public credit of the province. The

[1] Mass. Arch., vol. 102, no. 393.

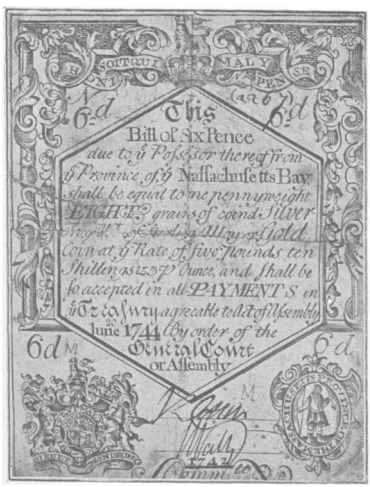
[2] Mass. Arch., vol. 102, no. 370.

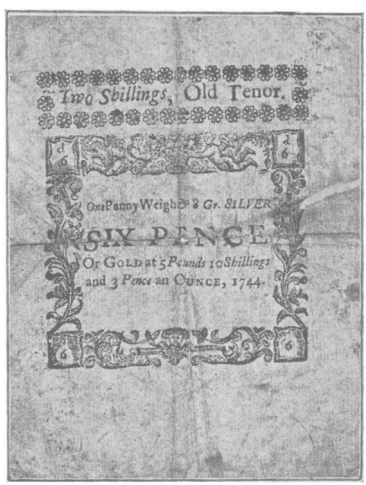
Plate 13.





Bill for 4*d.*, emitted under the Act of June 20, 1744, the engraved designs for the bill being those prepared for the 1742 emission. The date 1742 appears over the word "Committee." The woodcut on the back was prepared for the 4*d.* bill, 1737. Photographed by permission of the Lenox Library. Size, 3¾ in. x 4¾ in.





Bill for 6*d.*, emitted under the Act of June 20, 1744, the engraved designs for the bill being those prepared for the 1742 emission. The date 1742 appears over the word "Committee." The woodcut on the back was prepared for the 2*d.* bill, 1737. Photographed by permission of the Lenox Library. Size, 3¾ in. x 4¾ in.

fact that certain creditors exacted more than six per cent. from their debtors was attributed to an effort on the part of such creditors to provide in this indirect way for the depreciation of the bills. Other covert methods of accomplishing the same result were enumerated, and in cases where the fact could be established that the creditor had received from the debtor compensation of this character, it was ordered in the first section of the act that no further allowance was to be made to such creditor.

TABLE OF RATES.

(See page 192.)

Date.	Province bills since 1741.	Sterling equiv.	Silver rate.	Reference.
1742–3	£ 137 10*s.*	100	7/2	Mass. Arch., vol. 102, no. 287.
Sept. 2, 1743	140	100	7/4	Mass. Arch., vol. 102, no. 307; Suffolk Files, 57,651.
March 2, 1743–4	142 10*s.*	100	7/6	Mass. Arch., vol. 102, no. 338; Suffolk Files, 59,742.
Dec. 27, 1744	142 10*s.*	100	7/6	Mass. Arch., vol. 102, no. 358; House journal, at date.
June 28, 1745	142 10*s.*	100	7/6	House journal, at date.
July 25, 1745	142 10*s.*	100	7/6	Mass. Arch., vol. 102, no. 359.
Jan. 9, 1745–6	142 10*s.*	100	7/6	House journal, at date.
Jan. 24, 1745–6	140 10*s.* (*sic*)	100	7/6	Mass. Arch., vol. 102, no. 359.
Aug. 8, 1746	142 10*s.*	100	7/6	Ditto, no. 360.

On the other hand, it was asserted that some legislation was necessary to protect creditors from loss caused by the depreciation of bills since March 31, 1742. To cure this defect in the law special provision was made in the second section of the act.

The third section was devoted to the benefit of the debtor class. It was asserted that there was a prevailing apprehension that bills of credit of the new tenor were to be esteemed as lawful money. Consequently, many

persons had given bonds to pay lawful money where nothing but public bills had been received, and in such cases, nothing but bills had been expected by creditors in payment of the debt. Notwithstanding these facts some of the courts of the province had made up judgments on such debts for lawful money only, and had construed the same not to be payable in public bills, whereby the debtor had been capable of discharging the execution only with silver. The extreme scarcity of silver practically put the debtor in the creditor's hands in such cases. This oppression the government ought to prevent. It was, therefore, enacted that for the space of five years from the date of the first emission of the new tenor bills in 1741–42 judgment should be given only for bills in cases where silver was not given or received.[1]

If when Shirley assumed the reins of government, creditors needed protection against the depreciation of the currency, they certainly needed it all the more when the rise in silver was stimulated beyond all control under the reckless issues made in behalf of the military ventures of the province after 1744. The sympathies of the assembly were, however, with the debtor class, and in 1747, all efforts on the part of the province to protect creditors against depreciation were withdrawn.

The clause in the act for ascertaining the value of money, in which it was in substance provided that ordinary debts were to be adjudged as equal in amount to the silver which could be purchased with the bills in which the debt was nominally estimated, expired by the terms of the act on the last day of March, 1747. In September, 1747, an act was passed in addition to and

[1] Acts and Res. Prov. Mass. Bay, vol. 3, p. 212.

explanatory of this act, and the other legislation to which it had given rise.[1] In the preamble it was asserted that provision in the former act had been made for determining the depreciation of the bills only through silver and bills of exchange which were made the standard. This rule, it had been found by experience, did not work well. The value of the bills could not properly be estimated by the value of any one or two particular "commodities or merchandizes", such as bills of exchange and silver then were, within this and the other colonies. It had been found that the prices of these two "commodities" were liable to be very suddenly and immoderately increased by a few persons for the sake of serving their own interests, whereby bills of credit had often been much depreciated with respect to bills of exchange or silver, though, at the same time, they had preserved their value with respect to all other "commodities and merchandizes" in the province. To prevent this inconvenience in the future, it was provided that in any valuation of the bills of public credit thereafter made for the above purposes[2] consideration must not only be had of silver and bills of exchange, but also of the prices of provisions and other necessaries of life. Regard was also to be had to fluctuations caused by the plenty or scarcity of the articles considered. More specific regulations were made with reference to the committee of councillors who were to determine the depreciation, and inasmuch as dilatory creditors might postpone making demands upon their debtors and thus compel the maintenance of this committee for an in-

[1] Acts and Res. Prov. Mass. Bay, vol. 3, p. 373.

[2] That is to say, to ascertain the allowance to be made for depreciation on debts contracted during the period covered by the original act for ascertaining the value of money.

definite period, a limit was set to the time when the depreciation was to be allowed on judgments on debts incurred within the period covered by the original act. The rule respecting the allowance to be made for the depreciation of bills of public credit was restrained to debts contracted within the period mentioned in the act and was not to extend to any other whatsoever.

In other words, the act was not only not extended, but limitations were put upon its future operations and the method of estimating the depreciation was altered by the inclusion of provisions and other necessaries of life with silver and exchange as standards.

The enormous changes in the values of the bills of credit produced by their rapid depreciation during the years 1746 and 1747, rendered the equitable adjustment of the relation of debtors and creditors more and more perplexing. An act which was passed for this purpose January 27, 1748–49, was disallowed by Shirley and in his speech to the assembly April 8, 1749, he recommended that the matter be left to the courts of judicature. Again at the close of the session, on the 22nd of April, 1749, the assembly made another attempt to legislate upon the subject. Shirley at that time informed them that the bill had come before him too late for him to sign it. On the 24th of June, 1749, the governor referred the assembly to his former speeches and messages on the subject. He said with regard to debts contracted since October 31, 1747, that the price of good private bills of exchange payable in London was at that time at the rate of £1,100 in bills of credit of the old tenor for £100 sterling. He was satisfied that there had been no depreciation of the currency since that date notwithstanding the recent exorbitant rise in

provisions.[1] He thought debtors could be protected by passing a bill to prevent the courts from making any allowance for the bills of credit on debts contracted since October 31, 1747, specialties and express contracts excepted. He did not approve of any action looking towards the future. This was what he had in view in his speech of the 26th of October, 1748, and he was ready to join in passing an act which would give more ample relief to the debtors within that period than what was provided in that bill. This allowance he said was 10 per cent. on debts contracted between the last day of October, 1747, and the last day of March in the same year. During this period he claimed that there had in reality been no depreciation at all. It would seem as if by "March in the same year" in the above connection Shirley must have meant March, 1748.[2]

The assembly went forward with the consideration of a bill on this subject and apparently did not pay proper attention to his advice, for on the 29th of June, 1749, he refused his consent to a bill for ascertaining the allowance to be made by courts of judicature in rendering judgments on suits for debts payable in bills of credit. The money for the reimbursement of the expenses of the Cape Breton expedition had by this time been paid over, and was on its way to the province.

Between 1730 and 1745, the price of silver was influenced more by the circulation in this province of the bills of the neighboring governments, than by the local issues of the province itself. The restraints imposed

[1] It will, perhaps, be remembered that the house had, in August, 1748, insisted on measuring the value of the bills in produce as well as exchange, because exchange had risen more than produce. Shirley now takes the reverse position.

[2] The 25th day of March next succeeding fell in 1747, old style, but the last day was in 1748.

upon Massachusetts Bay and New Hampshire, kept the amount of the emissions of these provinces within some sort of bounds, and had it not been for the contributions to the currency from the other governments, the price of silver during this period would have been more nearly proportioned to the amount in circulation of the bills issued by Massachusetts Bay. As it was, silver was disproportionately high during all this period. The fact has already been stated that in January, 1738–39, an attempt was made by legislation to prevent the circulation in this province of the bills of the neighboring governments.[1] "This law," Shirley said, "was particularly calculated to prevent the currency of the Rhode Island bills here but it had not the least effect before my coming to the administration."[2] In January, 1742–43,[3] an attempt was made to secure legislation on the subject, and on the 22d of June, 1743, the assembly appointed a committee to confer with representatives from the neighboring governments with a view of preventing the depreciation of the bills.[4]

On the 9th of February, 1743-44, Shirley communicated to the assembly an estimate of the losses incurred by the community through the circulation of these outside bills and said that up to that time no answer had been received to the proposition for a conference which had been submitted on the 22d of June. He had stated to them on the 9th of September, 1743, that there were according to the estimate of competent persons £400,000 in bills of the other governments in circulation in

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 965.

[2] Palfrey's History of New England, vol. 5, p. 106, note.

[3] Mass. Arch., vol. 102, no. 280.

[4] Mass. Arch., vol. 102, no. 313.

this province, and he proceeded at this time to say that of these, £350,000 were contributed by Rhode Island and £50,000 by Connecticut. He estimated the emissions of Rhode Island at that time at £440,000, while £70,000 he thought would have been abundant for that colony.

March 17, 1743–44, a second attempt was made to prevent by legislation the evil of a currency from outside and uncontrollable sources.[1] It was asserted in the preamble of the act then passed that bills of the neighboring governments were then and had been the principal medium of trade and commerce in the province; that some of those governments, more especially that of Rhode Island, had frequently made extravagant emissions of their bills, which by depreciating all bills current had worked great injustice to the inhabitants of the province. The circulation of Rhode Island bills issued since 1742, and of the bills of other governments hereafter to be issued, was prohibited in this province under severe penalties. The act was to continue in force for two years. In September, 1746, its operation was extended for three years longer.[2]

On the 10th of January, 1745–46, a memorial of sundry merchants of Boston was presented to the house, in which the danger from the currency of Rhode Island bills, notwithstanding the law then in force, was fully set forth. The petition of the merchants for relief was refused on the 15th of that month. In June, however, the house took the matter up again and on the 5th, the question being submitted whether a committee should be directed to prepare a bill for the revival of the act to

[1] Acts and Res. Prov. Mass. Bay, vol. 3, p. 122.

[2] Acts and Res. Prov. Mass. Bay, vol. 3, p. 307.

revent the great injury arising to the inhabitants of this province by the frequent and very large emissions of bills of public credit of the neighboring governments, it was voted in the affirmative so far as the Rhode Island bills were concerned, but in the negative as to the bills of Connecticut and New Hampshire. Some sort of a bill must have got through the house at that time, for August 14th, they sent up to the board to see if action had been had upon it. The reply was that there had not.

To a certain extent the law makers themselves of this province were responsible for the circulation within its borders of the bills which it was now sought to eliminate from the currency. These bills had repeatedly been recognized as a part of the circulating medium in the various acts which had been passed against counterfeiting, altering and mutilating public bills. The first of these acts, passed in August, 1704, was limited in its operation to the protection of bills of credit of this province.[1] The penalty for making or uttering was that the culprit should be branded in the right cheek with the letter F and should pay double damages or suffer imprisonment. For altering bills it was the same as that for the offence of forgery,[2] to which was added triple damages to the person upon whom altered bills had been passed. In June, 1711, the same penalty was imposed for counterfeiting or altering the bills of the neighboring governments,[3] and in the preamble of the act it was asserted that this action was

[1] Acts and Res. Prov. Mass. Bay, vol. 1, p. 556.

[2] Double costs and damages, and also to be set upon the pillory in some market town or other open place, and then have one of his ears cut off, also imprisonment for one year.

[3] Acts and Res. Prov. Mass. Bay, vol. 1, p. 673.

taken because these bills had obtained currency here, therefore the falsifying or counterfeiting them would prove of pernicious consequence, would hurt and obstruct her Majesty's service, would interrupt mutual and reciprocal trade and commerce and would cause loss and damage to private persons. In December, 1715, a reward was offered to informers who should secure the conviction of counterfeiters of bills of this province.[1] In November, 1720, the penalty for counterfeiting the bills of this and the neighboring provinces was changed to death.[2]

In January 1735–36, signs of the reaction against the bills of the foreign governments appear in a new law against counterfeiting public bills from which the bills of the neighboring governments are excluded. The penalty is death without benefit of the clergy.[3]

There is nothing in the preamble of this act to explain why the bills of the neighboring governments were not included, but there must have been some reason for this action and it would be natural to conclude that it was because the assembly was no longer desirous of protecting this outside currency. In the bill passed in February, 1736–37, to prevent the sub-division of public bills for purposes of making change, bills of the neighboring governments were included with bills of this province in the prohibition.[4] To a certain extent this militates against the conclusion drawn above, but it does not alter the fact that the explanation there suggested is not only plausible but under the circumstances, natural.

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 25.

[2] *Ibid.*, vol. 2, p. 186.

[3] *Ibid.*, vol. 2, p. 785. The act to prevent the currency of the New Hampshire merchants notes, *Ibid.*, vol. 2, p. 743, seems to have been justifiable through the inherent weakness of the notes themselves.

[4] Acts and Res. Prov. Mass. Bay, vol. 2, p. 827.

The action taken by the assembly in February, 1736–37, in the attempt to protect the bills of neighboring governments from mutilation was the last effort of that body which could be interpreted as in any way favoring the circulation of bills of the neighboring governments, although the subject was before the house June 4, 1743, and a committee was appointed to prepare a bill to prevent the counterfeiting of bills of this and the neighboring governments. Nothing came of this, however, and the next steps were those already referred to, in which the attempt was made absolutely to prohibit the circulation of all the recent issues of the neighboring governments.

CHAPTER X.

THE LORDS OF THE TREASURY FAVOR REIMBURSEMENT FOR THE LOUISBURG EXPEDITION AND PARLIAMENT PASSES THE GRANT.

The events which took place in London in connection with the passage of the act for the reimbursement of the colonies for their expenditures in the Cape Breton expedition form an important part of this narrative and require consideration at this point.

The period during which the Lords of the Treasury and parliament had this question under discussion includes the date of the destruction by fire of the Boston town house in 1747. Through the aid of duplicate papers and reports sent to England, we are enabled to supply many of the deficiencies caused by the loss of papers at that fire. In one respect, the treasurer's annual statements, which he was accustomed to forward to England, we are unable to do so. For some reason the forwarding of these reports was stopped in 1744, and this omission was not noticed for some years thereafter. When it was discovered in London that the information to be obtained from these reports was not on file there, and duplicates were called for, it was stated that the gap could not be filled owing to the destruction of the books of account in the fire.[1]

For some time prior to the year 1744, the assembly had availed themselves of the services of Christopher Kilby, who was then in London, as their representative in matters which they wished brought to the consideration

[1] Mass. Arch., vol. 54, no. 62.

of the authorities there. In February, 1743–44[1] he was duly appointed agent of the province,[2] and on the 27th of that month the house took under consideration the question of his instructions.

At that time an effort was being made to induce parliament to take steps towards a reformation of the currency in the colonies. It was greatly feared that the fact that restraints had been imposed upon the emissions of the province of the Massachusetts Bay, while some of the neighboring governments had been left entirely free to issue what they pleased, might not be recognized and it was asserted that representations and proposals had been sent home which had "treated this government and people in a manner injurious, endeavoring to subvert that freedom of assembly which by charter they enjoy." The house, therefore, voted to instruct the secretary to write to Kilby that he was expected to give careful attendance to any application whereby the charter liberties or quiet of the province might be affected, and he was to use his utmost endeavor to prevent any proceeding thereon, until particularly instructed by the General Court. The form in which this vote was phrased did not meet with the approval of the council, and after several attempts at amendments the matter was finally concluded on the 29th by instructions from the assembly, to the effect that he was especially to give careful attendance to any representations that might have been sent home by any private person or persons, whereby the charter privileges and interests of this people might be affected, and to use his utmost endeavors to prevent any proceedings thereon, until he should have received instructions. Again, on the first of March, 1743–44, it

[1] Mass. Arch., vol. 20. no. 355.

[2] Mass. Arch., vol. 20, no. 358.

was ordered that the agent be instructed, in case there should be any parliamentary inquiry into the state of the currencies to do all in his power to prevent any injury. This last vote may have been taken in response to a suggestion made by the governor who on that day stated to the assembly that he estimated the losses sustained by the people of the province from the circulation of the bills of the neighboring governments at £100,000, and he expressed the hope that some steps might be taken to distinguish between the bills of the province of the Massachusetts Bay, and those of the neighboring governments. On the 16th of October, 1744, the contents of the bill about the currencies which was then being discussed by parliament was communicated to the house.

There is in the archives a copy of an act entitled, "a bill to regulate and restrain paper bills of credit and for ascertaining the currency thereof in his Majesty's colonies or plantations of Rhode Island and Providence plantations, Connecticutt, the Massachusetts Bay and New Hampshire in America, and to prevent the same being legal tender in payment for money", which is, perhaps, the same as the proposed bill communicated at that time to the house. There were to be no more paper bills and no postponements of redemptions. The penalty for Rhode Island and Connecticut was to be the forfeiture of their charters. Short term bills for current expenses might be allowed, and emergent expenses might be provided for by special emissions under royal approval. The measure of values was to be the piece of eight of seventeen pennyweight, which was to pass at six shillings.[1]

On the 24th of February, 1743–44, the council being

[1] Mass. Arch., vol. 102, nos. 170, 176.

of opinion that the currency question, either then was under discussion in parliament or soon would be, and that justice would not be done this province unless steps were taken to show the difference between the emissions of this government and those of its neighbors, voted[1] that his excellency be requested to make a full representation of the whole matter to his Majesty's ministers of state, and to use his kind offices therein. The house, being not only jealous of its prerogatives, but having always displayed a fondness for addresses and arguments, promptly non-concurred in this vote, thus showing that they had no desire to make use of the kind offices of the governor. Indeed, it may be assumed that his employment as their mouth-piece was one of the last functions in which they would willingly have availed themselves of his services.

July 27th, 1745, the house voted to prepare a petition to his Majesty for relief under the heavy burthen occasioned by the Cape Breton expedition. On the 30th the petition in this behalf was accepted, and on the 31st of July, William Bollan, who was then about to embark for Great Britain, and who was said to be thoroughly familiar with the matter, was authorized to act in concert with Kilby, the agent of the province, in preparing and pursuing the petition of the two houses for relief under the insupportable charges of the Cape Breton expedition.

The presentation of the petition, perhaps influenced by the appointment of Bollan, created hopes that the depreciation of the bills might be checked, and thus render their redemption through the reimbursement feasible. We have evidence of this feeling in a proposition submitted to the assembly in June, 1746, the method

[1] Mass. Arch., vol. 102, no. 334.

suggested in which was doubtless an outcome of the loan made at the time of the Hill and Walker expedition against Quebec. At that time the province loaned its bills to the Boston merchants in order to enable them to purchase supplies for the expedition, the merchants taking their pay from the troops and the fleet, in bills of exchange on London, which would not be paid for some time thereafter. In the present case, the merchants had the bills in hand, and believed that the exchange would be promptly met, and therefore, on the 6th of June, 1746, they made the following proposition: They said that to prevent the evils arising from the great floods of paper money which had been and were being issued in the province, they would offer to the General Court such sums of province bills as might be needed for the proposed expedition against Canada then under consideration, upon condition of being paid at a reasonable exchange by bills on Great Britain. In case the expenses of the expedition should not be paid by Great Britain, they would be content to take their pay in province bills without interest, when it should become known that the charges would not be reimbursed, provided this period did not exceed twelve months. By this last clause it was probably intended merely to limit the time that they should allow the use of the bills without charge for interest.[1]

If this proposition had been adopted it is evident that it would have had a tendency to check the depreciation of the bills, but it was received with such disfavor in the house that the representatives not only declined to consider it then, but actually voted that they would not entertain its consideration at any future time.

[1] It was generally understood that the Duke of Newcastle had given assurances that the province would be reimbursed for the expenses of the Canada expeditions.

Evidence of the favorable disposition of the Lords of the Treasury and of parliament towards the claim of the New England governments for reimbursement of the expenses incurred in the prosecution of the Louisburg expedition soon led the agents of the province to believe that but little difficulty would be experienced in securing payment for the same. On the 14th of November, 1746, however, Bollan met with a set-back which seriously disconcerted him and made him realize that the path which led to success in this affair was not free from obstructions and perils. While the matter was still fresh in his mind he wrote that the Lords Commissioners had on the fourteenth come to the conclusion that *some* satisfaction, and he underscored the word "some," should be made the province. The fact that a favorable conclusion was reached had been previously communicated to him and the introduction at this time of the word "some" he regarded as of sinister import. It might produce fatal consequences and his astonishment was so great that he could not tell what to say to it. He still had hopes, but they were very slender, that he could get this dangerous word wiped out.[1]

On the 15th of January, 1746–47, a favorable report was made on the petition of the province[2] for the reimbursement, and the matter was referred to a committee to adjust and liquidate the accounts on which it was based. Bollan submitted to this committee copies of acts showing emissions of public bills in aid of the Louisburg expedition amounting to £258,800, and also a transfer of £20,000 more, originally issued for another purpose. This was accompanied by vouchers showing

[1] Mass. Arch., vol. 20, no. 367.

[2] Mass. Arch., vol. 20, no. 369.

expenditures amounting to £261,700, 0*s.* 3*d.* Certificates were also submitted showing that silver was rated at that time at 7*s.* 6*d.* by committees appointed to ascertain the value of bills, and that £142, 10*s.* in bills were then equal to £100 sterling.[1]

As time went on, and the conviction ripened that the application for reimbursement was likely to prove successful, thoughtful men began to appreciate the fact that the reception in the province of so large an amount of coin would furnish an opportunity for the resumption of specie payments. There was a division of opinion among the hard money men as to how it was best to do this. Dr. Douglass, who had been a consistent opponent of the heresies of the land bank, and an earnest advocate of a specie basis for the circulating medium, was a firm believer in the necessity of approaching the matter cautiously, and was violent in his opposition to a radical and sudden attempt at the conversion of the paper money then circulating into coin at current rates. He believed that it could best be accomplished by making the redemptions by degrees, and that any other method would work destruction upon the trade of the province. On the other hand, Hutchinson thought that the true method was to grapple with the whole question at once, and redeem the bills on the basis of their then depreciation. The advocates of paper money, in their turn, were appalled at the shrinkage in the amount of the currency which any such proceeding involved, and were heartily opposed to any plan which had in view an abrupt attempt to make such enormous reductions of nominal values. The evidences that these questions were occupying the attention of the public are to be found in various directions. They showed themselves

[1] Mass. Arch., vol. 20, nos. 380–388.

from time to time in the various votes which were taken in connection with the action of the committees for ascertaining the value of money, some of which have been already given.

The pamphleteers also took a hand in the discussion. In 1748, a writer who was opposed to the plan for resuming specie payments, which was ultimately adopted, submitted for public consideration a proposition of his own.[1] He referred to an article which had been printed in the "Independent Advertiser," No. 13, March 28, advocating the use of the Louisburg reimbursement for resumption, and then proposed "to keep all the silver money bounty granted, for ever in the Bank of England, as the government's fund and bottom, and to have the interest thereof only drawn for yearly by the government, which interest will amount to about eighty thousand pounds (as our money now stands) yearly, and so every year sink and burn eighty thousand pounds of our paper bills."

The expectations of the assembly may be gathered from a report of a committee which had been appointed to consider some method for preventing the depreciation of the currency. They were of opinion on the 5th of June, 1747, that considering the expectation of the speedy reimbursement of the charges of the Cape Breton expedition, it would be most convenient to defer the determination of this question to some future time. The messages and speeches of the governor also contain hints of a belief that the days of paper money were drawing to an end.

On the 29th of October, 1747, Shirley called upon the assembly to furnish money to pay the troops raised

[1] A word in season to all true lovers of their liberty and their country; both of which are now in the utmost danger of being forever lost. By Mylo Freeman, etc. Boston, 1748.

for the late intended expedition against Canada. This message was communicated to the representatives November 5th, and they answered that they would, were it in their power, advance with the utmost cheerfulness the money for the payment of the troops, but they had no other way to do this than by more emissions of public bills. They had already issued exorbitant sums, and beside these, the bills of the other governments circulated promiscuously in the province. Should such a sum be issued it would be followed by a great "impair", if not utter loss of the public credit. The truth of each of the propositions laid down by the house was obvious. Notwithstanding this, Shirley, on the 3d of February, 1747–48, said to the assembly, "I must earnestly recommend you to find some other way for the supply of the treasury than by making new emissions of public bills." It might, perhaps, have been expected of the governor, in view of the fact that the representatives had already announced that they knew of no other way to raise money than by the emission of public bills, that he should himself suggest some new method of supplying the treasury. Although no way of escape from the difficulties of the situation presented itself at that time, it is worthy of note that for the first time since the province began to rely upon this method of supplying its treasury, the governor and the house were of one opinion as to the effect of emitting more bills.

Meantime news from Great Britain had been received from the agents of the province, sometimes full of encouragement, often of a despondent nature, according to the turn that events had taken and the feelings of the writer. On the 3rd of October, 1747, Kilby wrote in a hopeful strain concerning the progress made with the

petition for reimbursement.[1] Bollan, on the 5th of November, said that he had the day before attended a meeting of a sub-committee having in charge the accounts of the province submitted in connection with the petition. A proposition had then been made to pay only such sum as was equal to the present value of the bills of credit. He was greatly surprised at this, because at the outset of the discussion with the Lords of the Treasury, it had been agreed that the questions to determine were, what sum in currency is due? and, what was sterling exchange at the time of the expenditures? He had said that he would not submit to such a proposition. It would be no payment at all. He thought his arguments had produced a good result and had convinced the committee.[2]

After having prematurely announced December 10, 1747, that parliament had provided for payment of the province by passing a grant, Bollan wrote January 1, 1747–48, that he had encouragement that the affair would be dispatched when their lordships met again.[3]

Instead of the grant having been made by parliament, as Bollan thought in December, the fact was that the Lords of the Treasury still retained their clutch upon the petition, and their delay in action caused much perturbation. February 29, 1747–48, Bollan wrote expressing his surprise and concern that the Lords insisted so much at this time on the fall of bills. He had attended a meeting on the 15th of the month, at which Pelham, First Lord Commissioner, had proposed that the province should be paid a sum equal only to the value of the bills at that time and had asked Bollan what he had to say. The latter was apparently pre-

[1] Mass. Arch., vol. 20, no. 395.
[2] Mass. Arch., vol. 20, no. 400.
[3] Mass. Arch. vol. 20, no. 407.

pared for the occasion, for he wrote that "several things were said not pleasant to hear." The result of the interview was that the question was to be referred to parliament.

In the same letter, Bollan complained that while he was striving to gain for the province the value of their expenses on account of the expedition, there were several others who were very busy in framing their schemes for disposing of the money. Some of them, he was told, had applied to the treasury to prevent payment being made to the province until their proposed regulations could be enforced. The only use made of these applications, so far as he knew, was to draw arguments thence for the payment of the lesser sum. These persons were weak and officious and ought to have known that the only result of their interposition would be to reduce the amount to be paid or to delay the payment. He wished express power to receive the money, to be forwarded to him at an early date.[1]

In a letter to Pelham dated the 25th of February, Bollan gave his reasons why the province should receive the full value of the bills at the time of the expedition. They were in substance that the debts then contracted still retained their original values; that if the lesser sum should be paid, the province would be a loser by one-half the sum expended; that the sinking of the bills, in itself a hardship, had been caused by the delay in the payment of the reimbursement; and to pay on the basis of the value of the bills at that time would be grafting a new hardship on an old one; that if it was reasonable to do this, then by waiting longer there would be still less to pay and if payment should be delayed until the province was ruined, there would be

[1] Mass. Arch. vol. 20, nos. 411-412.

nothing to pay; that according to calculations which had been made, the payment of the lesser sum would be entirely exhausted in providing for the expenses incurred by the province in holding Louisburg and would not provide a farthing towards its capture. Further, he believed the payment of the lesser sum to be incompatible with the tenor of the bills.[1]

In the province, Hutchinson took advantage of the evident growth of the desire for a return to specie payments and on the 16th of February, 1747–48, a memorial of his, offering proposals for regulating the medium of trade of this province was submitted to the house and was referred to a joint committee. The details of Hutchinson's proposition are not given in the records but a copy of a memorial said to have been presented by him February 3rd, 1747–48, is in the archives and through references in the correspondence of Bollan, it may be identified as the plan then submitted.[2]

Hutchinson thought the reimbursement of the expense for the Louisburg expedition probable and proposed that this money should be used for sinking the variable paper medium then in circulation and substituting a fixed and unalterable money. There was then extant, he thought, near £1,900,000 old tenor. The charge of the expedition he estimated at £170,000 sterling. He proposed that enough should be borrowed to redeem all the outstanding paper. £50,000 he considered adequate for this purpose and this could easily be repaid in twelve annual payments. This sum should be imported in bullion, or Spanish milled dollars and Portuguese gold. He would pay a debt of 44 shillings old tenor with one dollar in silver. The concurrence of

[1] Mass. Arch., vol. 20, no. 414.
[2] Mass. Arch., vol. 102, no. 366.

the neighboring governments should be sought and a bill prepared for submission to them.

Bearing in mind that the silver dollar was valued at six shillings, it will be seen that Hutchinson's proposition was to settle debts contracted in old tenor at the rate of seven and one-third for one in silver. The £220,000 to be derived from the estimated reimbursement and the loan, throwing aside fractional parts of pounds would have amounted to £293,333 New England money.[1] If converted into old tenor at the above rate it would have been equivalent to £2,151,108. This would have left on hand a little over £34,000 New England money if Hutchinson's estimate of £1,900,000 old tenor outstanding was correct. It is possible that he feared an under-estimate of the currency and wished to be sure on that point.

The committee appointed to take the memorial under their charge reported to the house on the 24th. They were unanimously of opinion that the proposals in the memorial might prove very salutary to the province, and they offered for consideration a bill entitled "An act for calling in and exchanging the bills of credit, of the several denominations which have at any time been issued by this government, and are still outstanding, and for ascertaining the rate of coined silver in this province for the future." They recommended that a copy of this bill should be sent to the governments of Connecticut, New Hampshire and Rhode Island, and that it should be proposed to each of these governments to appoint commissioners to meet in this province the 12th of April, or as soon thereafter as might be, to treat with such commissioners as should be appointed by this government in order to the bringing to a period the

[1] That is the money in which the par of exchange was 133⅓.

bills of all these several governments in the like manner as was proposed for the bills of this, and also to settle the rates and values of money in the several governments for the future. The report was accepted by both houses and the governor affixed his consent to the same.[1] On the 27th, a committee was appointed to meet and confer with such gentlemen as should be appointed by the other governments pursuant to the vote of acceptance by the court of the report of the committee of both houses on the memorial of Thomas Hutchinson. A letter to the neighboring governments was prepared, and on the 5th of March was accepted by both houses and was regularly approved by the governor.[2] This letter announced that in view of the probable reimbursement by parliament, the assembly of this province had projected a bill for improving the opportunity to put an end to the paper currency of the province, a copy of which would be enclosed. This bill had received two readings at that time. It was thought to be desirable, in view of the general currency of the bills of the several governments, that a conference should be held, so that if possible, one general method should be adopted by all. The vote of this province appointing commissioners was also to be enclosed, and the danger of not arriving at an agreement was pointed out.[3] This attempt to secure co-operation resulted in a complete failure. Hopes, however, of accomplishing this result were kept up even under the most discouraging circumstances, and on November 2, 1748, a vote was passed to send messengers to each of these govern-

[1] It was a house measure and came before the council February 26. See Acts and Resolves, Prov. Mass. Bay, vol. 3, p. 454. Mass. Arch., vol. 102, no. 371.

[2] Acts and Res. Prov. Mass. Bay, vol. 3, p. 454.

[3] Mass. Arch., vol. 102, no. 374.

ments to see if a conference could not be brought about.[1] The relations of the other governments to the question of reimbursement were widely different from those of this province. Rhode Island, for instance, had an enormous circulation of bills of public credit, while her expectations in the way of reimbursement were very small. What constituted an eligible opportunity for the people of this province was practically of no value whatever to the people of Rhode Island. For this cause there was but little reason to expect co-operation.

The opinion had now become strong that the time was near at hand when payment might be expected from Great Britain, and it was realized even before Bollan reminded the assembly of the necessity for this action, that some person or persons would have to receive the money in behalf of the province, for which purpose special authority would be required. It was, therefore, voted on the 5th of March, 1747–48, that Bollan be authorized to receive for the use of the province all such sums of money as were or should be granted by parliament to or for the province for payment of the expenses of the Cape Breton expedition.

The fact that Shirley's former suggestions as to the necessity for raising money in some other way than by bills of credit had failed, did not deter him from renewing his assaults. On the 26th of May, 1748, he said to the assembly, "You must be convinced that if you had not made any new bills of credit for the last two years a moderate interest for the money borrowed would have been more than repaid by the loss and damage it would have saved to the public." . . . "Upon these considerations I hope you will take some other expedient than making bills of credit for the supply of the treas-

[1] Mass. Arch., vol. 102, no. 392.

ury." It will be noted that Shirley intimated in the foregoing that the province could have borrowed money. This is the only suggestion put forward by him for any method of meeting the extraordinary expenses of the province and this it will be observed is indirect. The answer of the assembly was an emission of £100,000 bills of the last tenor in June of that year.

On the 2d of April, 1748, Bollan wrote that the House of Commons had the day before resolved that the reimbursement was reasonable. The time of the payment had not been determined but after securing an agreement to pay the larger sum he had insisted upon prompt payment, so that the bills of credit might be retired. The matter had been referred to the treasury. Its progress had been attended with numberless difficulties and it would be for the honor of the province that the money should be carried over and exchanged for bills of credit. This was made necessary by what was said in parliament.[1]

[1] Mass. Arch., vol. 20, no. 421.

CHAPTER XI.

THE DELIVERY OF THE MONEY IS DELAYED AND OBSTRUCTED.

Two stages in the progress of the petition had now been accomplished: The favorable consideration by the Lords of the Treasury and the grant by parliament of the specific sum of money which had been recommended.

It might, perhaps, have been inferred that the payment, without further discussion, was to be the next step in the transaction. Such, however, did not prove to be the case. There was temporizing on the part of the Lords of the Treasury, obstruction on the part of merchants, and discussions as to the amount and the manner of payment. Bollan's firm defence of the rights of the province and his active opposition to the obstructionists, alone saved the grant in its integrity for the use of the province. On the 15th of June, 1748, he filed a petition with the Lords of the Treasury in which he set forth that the province was reduced to poverty, weakness and distress, by the prosecution of the expedition for the reduction of Louisburg.[1] He recapitulated the existing state of affairs in detail and asserted that the province was absolutely compelled to alter its currency, yet was unable to do so until these expenses should be reimbursed. The longer the delay the greater the opportunity for capitalists to absorb the bills. He prayed for payment as soon as conveniently might be.

The impression made by Bollan left Kilby so far behind in popular esteem that the latter felt impelled to set matters right as far as he could. He, therefore,

[1] Mass. Arch., vol. 20, no. 428.

wrote, June 30, 1748, that from the outset it had been evident that parliament would grant the petition. The evident purpose of the letter was to convey the impression that, after all, the agents of the province had not influenced matters to any appreciable extent.[1]

On the 7th of September, 1748, Bollan wrote that the method of payment was still unsettled. He was surprised at this, as he had supposed that all those details were agreed upon before the money was granted by parliament. The ministry had proposed that the payment be made by instalments, the last in 1754. He had urged immediate payment, but, although no vote was taken upon the question, it was the general sense of parliament that the determination of this point should be left to the treasury. He claimed that the grant having been duly made, the exchequer had no other control over the money than to pay it over when the condition of the treasury would permit, and he insisted upon the right of the province to have this done without conditions as to the application of the money.

Divers persons, he said, had thronged about the treasury with plans and proposals as to the payment of the money. At the time when he claimed that the province was entitled to the reimbursement of all the expenses of the expedition he stood single, without the aid of any man living. He was indignant at those people, who under pretence of serving the province, obstructed the payment of the money. He had insisted upon the rights of the province in its corporate capacity to the money, but Kilby had interposed and declared that their Lordships ought to stand between the province and the merchants or possessors of bills. The Lords Commissioners had told him, August 10th, that

[1] Mass. Arch., vol. 20, no. 430.

he must be accountable to the exchequer for the money when received. He claimed that he could only be accountable to the province itself after payment was made, but if necessary in order to get the money, he would submit. He was glad to receive orders to oppose the fixing of a rate at which the bills should be exchanged. To avoid confusion he had not laid before the board the plan of Mr. Hutchinson.[1]

The Lords of the Treasury, at a meeting held at the treasury chambers, Whitehall, September 14, 1748, advanced an entirely new proposition in regard to the payment of the grant. They said that in the first place they should require adequate security from the person appointed to receive the money. When that was provided to their satisfaction, they would pay over one third of the money. The method of payment would then be reported to the governor, and if satisfactory, he could signify his approval of the same. Upon receipt of this approval the remainder would be paid.[2]

This suggestion met with Bollan's violent opposition. He was opposed to giving security upon principle, but apart from that, if this was done, it would involve the payment at the remembrancer's office of 6*s.* 8*d.* on every £100. "The charges of getting into this court," he said, "are certain, but no man can tell what it will cost to get out.[3]

In reply to this proposition, Bollan filed a memorial with the Lords Commissioners of the Treasury. He could not agree, he said, to give security, and to receive the money in the manner proposed. Firstly, because the province as a body politic had an absolute right to

[1] Mass. Arch., vol. 20, p. 435.

[2] Mass. Arch., vol. 20, no. 442.

[3] Mass. Arch., vol. 20, no. 443.

the money which had been granted by parliament, and from the date of the passage of the grant stood in the position of a creditor of the kingdom. Secondly, the money being due, the person duly authorized to receive it had a right to claim delivery, and it did not lie in the power of the exchequer to interpose objections. Thirdly, the court of exchequer was a court of record and as such could settle a debt but could not create any new obligations. The substitute for the province could only be chargeable to the province. Fourthly, as no obligation on the part of the substitute could be created, no security should be required. Fifthly, the statute provided that the money should be paid over without limitations or conditions. Lastly, the payment of one-third would be of no service whatever for the purposes to which it was intended to apply the money. He then pointed out, how, through a deposit in the Bank of England, he had always intended to throw around the money the necessary protection for its security.[1]

It was at this time, while the Lords of the Treasury were seeking to avoid the payment, at one time, of the entire grant, and were calling upon Bollan to furnish satisfactory security before they would agree to deliver the money, a task which he might have found very difficult of performance, that a number of merchants and others trading to and interested in New England, added the weight of their influence to the opposition with which Bollan was contending. On the 21st of September, 1748, they presented a memorial to the Lords Commissioners of the Treasury, setting forth the general facts as to the decline of the currency and especially pointing out that since the account of the province was stated, exchange had risen from 540 to

[1] Mass. Arch., vol. 20, no. 447.

more than 1000 per cent. Large quantities of bills had been collected by individuals in the expectation that possessors would realize this difference. They proposed that the remittance of the money should be held back until parliament should fix a rule for its application and that then it should be made in coin suited to the country. They asserted that many persons in the administration of the government of the province had become possessors of bills and expected to receive nearly double what they had paid.[1]

The insinuation that the members of the province government were speculating in the bills of credit was officially denied in a letter of instructions sent November 22, 1748, to Bollan.[2] This is not, perhaps, of much importance, for however influential the signers of this memorial, the blow which they then struck produced far less results than might have been expected. It is to the credit of the Lords of the Treasury that notwithstanding the support which they received in their temporizing policy from a body of men closely allied to the province and deeply interested in its welfare, they allowed themselves to be convinced by the arguments in opposition thereto, submitted by Bollan, and did not take advantage of this memorial further to postpone payment. On the same day that it was presented they acknowledged that the money was due and ready for payment. They were not, however, satisfied with Bollan's power which was said to have been given before the vote of parliament. For this reason, they thought he ought to give security, but would refer the point to their counsel.[3] In due course of time the matter was referred to the Attorney General and Solicitor

[1] Mass. Arch., vol. 20, no. 445.

[2] Mass. Arch., vol. 20, no. 465.

[3] Mass. Arch., vol. 20, no. 450.

General and on the 23rd of November, 1748, they reported that Bollan's power, not being under the seal of the province, was not satisfactory. They thought that this defect could not be cured by security being given.[1] In order to provide against future contentions of this sort, Bollan wrote November 29, that he proposed to have a form of a power of attorney approved by the Attorney General, which he would then forward to the province for execution.[2]

The resolve of the House of Commons allowing the province £183,649, 2*s*. 7½*d*. sterling, as a reimbursement for the expenses of the Cape Breton expedition was communicated to the house of representatives on the 13th of June, 1748. This was followed later by information that the method of payment had been referred to his Majesty's ministers.

On the 27th of October, Shirley in his speech to the assembly, distinctly asserted that a bill for sinking the currency by means of the late reimbursement had been passed and had been transmitted to England. This bill, he said, "which passed both houses of the last assembly", he had reason to believe had induced his Majesty's ministers, to whom consideration of the manner of paying the money voted for the benefit of the colonies had been referred, to determine that it should be paid in such a manner as would put an end to the paper currency in New England.

In referring to the bill passed by both houses of the last assembly, Shirley could only have meant the act for calling in and exchanging the bills of credit, which was

[1] Mass. Arch., vol. 20, no. 478.

[2] Mass. Arch., vol. 20, no. 481. The vote authorizing the execution of this instrument did not pass the assembly until April 22, 1749. Mass. Arch., vol. 102, no. 429. For copies of the power, see Mass. Arch., vol. 20, nos. 500, 508.

reported by the committee appointed to consider Hutchinson's scheme. While the report of the committee had been accepted, and an attempt had been made to establish an agreement upon the subject with the other governments of New England, there is no record of any other action in the assembly than the reading of this bill. Under ordinary circumstances one would hardly look beyond the official utterances of the governor to the law-making body itself, for proof that legislation had taken place. Yet it must be inferred from the absence of any record of further action in the assembly, and from language subsequently used by Bollan, that this statement was made solely for the effect that it might produce.

On the 18th of November, the assembly petitioned the Lords Commissioners for prompt payment of the money, stating that they hoped by means of it to remove the paper currency then in circulation and substitute silver therefor.[1]

Shirley's positive statement concerning the passage of the bill for sinking the currency made to the assembly as above stated, attracted the attention of the Board of Trade, and on the 23rd of January, 1748–49, they summoned Bollan to appear before them on the 24th, at eleven o'clock in the morning. Bollan accordingly presented himself next day, and was interrogated as to his reasons for concealing the action of the assembly on so important a point as the passage of this bill. The board thought proper to require of him some information with respect to said bill and to acquaint him with the mischiefs and difficulties which might arise from the government not being informed of the sense of the province upon an affair the determination of which was then

[1] Mass. Arch., vol. 20, no. 471.

under consideration. Bollan was in a quandary as to what he could say. He had received a copy of the proposed bill with authority to use it if he saw fit, but he knew that it was not a law, and he believed that it would be impracticable to borrow the £50,000. He, therefore, rehearsed what had taken place and stated frankly, that as the bill was not complete, and as he doubted the power of the province to borrow the money, he had used the discretionary power lodged in him and had not submitted the bill to the consideration of the board. As to what Mr. Shirley had said in his speech, the governor was mistaken, and Bollan believed he never did receive such information as he mentioned, but might have been induced to go so far as he did in order to strengthen and give credit to the proposals and thereby engage persons (disinclined) to come into them. Bollan then offered to submit the details of the matter to any member of the board or to any other of his Majesty's ministers who had the direction of these matters, but on the ground of policy declined to furnish them to the public, in view of the property interests concerned.

In the same speech in which Shirley, in order to strengthen and give credit to the proposals, was induced to make the statement which Bollan euphemistically termed a mistake, he also referred to other schemes proposed in England, many of which he said had a manifest tendency to lessen the benefits to the province of the proposed reimbursement. The accounts of these projects were to be found in the letters of one of the agents. The projects themselves had been opposed by the other agent.

In January, 1747–48, Kilby had written: "'Tis notorious that the exchange between New England and

London has arisen so much since the value of the province bills in sterling money was certified (in order to ascertain the province account of expense), that two-thirds, or nearer one-half sterling money that would have been necessary would now purchase all the bills at current exchange. If this government should pay off the whole demands of the province according to the exchange as fixed by the account upon no other condition than that the bills shall be paid off immediately at that rate, it would be giving the last possessors a most unreasonable advantage in obtaining payment for bills under £600 per cent. which were undoubtedly taken into hand at or about £1,000 per cent., and with this inconvenience to debtors that they will have to pay two-fifths more than the preceding year. All the advantage gained by their means will centre in those who have had address enough to obtain possession of the bills in virtue of some secret scheme calculated for such purposes, and many people here believe in such a scheme.[1]"

The inference seems to be a fair one that Kilby so far back as that date favored the views expressed by the merchants of London in their petition in September, and it hardly needed Bollan's direct assertion to that effect made in his letter of September 7th, already quoted, to convince us that this was so. It is evident that whatever justice there might be in his views, a postponement of the payment and a re-submission of the matter to parliament, would have been full of danger. Action had already been taken in a liberal spirit, and it was plainly the duty of the agents of the province to press for payment. Hutchinson says: "Some of the ministry thought it sufficient to grant

[1] Mass. Arch., vol. 20, no. 408.

such sum as would redeem the bills issued for the expedition, etc., at their depreciated value, and Mr. Kilby, the other agent, seemed to despair of obtaining more, but Mr. Bollan, who had an intimate knowledge of our public affairs, set the injustice of this proposal in a clear light and made it evident that the depreciation of the bills was as effectually a charge borne by the people as if the same proportion of bills had been drawn in by taxes, and refused all proposals of accommodation, insisting upon the full value of the bills when issued. He certainly had great merit for this and for other services." [1]

This was no time for the province to be represented by a faint hearted agent. Such an one was more of a hindrance than a help. Still less was it desirable that the affairs should be pressed by two agents who entertained different views. Harmony and co-operation were essential for success. The assembly recognized this, and as the complications of the situation were made plain through the correspondence of the agents, they dismissed Kilby on the 17th of November, 1748,[2] and placed the management of the affair solely in the hands of Bollan. On the 22nd a second vote was passed by the house authorizing Bollan to act in receiving the money.[3] He was empowered to give a full and ample discharge to the Lords Commissioners for the sum granted by parliament upon the deposit of the money in the Bank of England to the credit of the province.

[1] History of Massachusetts, (Ed. 1795), vol. 2, p. 391. One point that was urged was that some of the bills issued for the expenses of this expedition were still outstanding. Such bills had, of course, shared the depreciation. Bollan argued that they should be redeemed at the rate when issued.

[2] Bollan's letter of September 7th was referred to a committee on the 16th with instructions to report forthwith.

[3] Mass. Arch., vol. 20, no. 476.

Simultaneously a petition of the governor, council and house of representatives was sent to the Lords Commissioners of the Treasury in which it was asserted that by vote of March 5, Bollan had been authorized to receive the money, but in consequence of this action having been taken before the grant was made by parliament doubts had arisen as to the legality of his authority. In order to remove these doubts it was proposed that the money should be deposited in the Bank of England, subject to the order of the province, and that being done Bollan was to give a discharge for the money so lodged. To induce their lordships to act promptly it was stated that the money so obtained was to be applied to the sinking and redemption of the bills of public credit.[1]

On the 23rd of November, 1748, it was voted to postpone the consideration of what was further necessary to be done for redeeming and exchanging the bills of credit, and bringing to a period the paper currency of the province and for applying to those purposes in the best manner the grant made by parliament, until the next sitting of the court, at the opening of which all the members of the court were required to give their attendance.[2]

On the 22nd of December, Shirley informed the assembly that the session which was then opened was for the purpose of considering the currency. The proposals, he said, which were made to the neighboring governments, to join with the province in consulting upon this important affair, and the appointment of a meeting of commissioners for that end, had made this short delay necessary, but there being now no prospect of any assist-

[1] Mass. Arch., vol. 102, no. 394.
[2] Mass. Arch., vol. 102, no. 397.

ance from them, no time should be lost. If an act for retiring the currency should be passed, all obstacles to receiving the money would be removed.

For the next few days, the time of the assembly was largely taken up with the consideration of the act for drawing in the bills of credit of the several denominations, etc., etc. On the 6th of January, 1748–49, the representatives rejected the bill then under consideration and in the afternoon of the same day voted that "the house will at this sitting come into some method to apply the sum granted by parliament towards the redemption of the paper currency and to substitute a silver medium in lieu thereof." In pursuance of this purpose a joint committee was ordered on the subject. On the 10th an act for drawing in the bills of credit was reported and on the 17th it was ordered to be engrossed. On the 20th the house passed an order that this act should be forthwith printed and a copy delivered to each member of this court. A copy was also to be sent to the selectmen of each town of the province, who were to be required to lay the same before their respective towns at the anniversary meeting in March for their opinions thereon, if they should see cause. They were to give notice thereof in their warrants for such meetings, and to make return to this court at their sitting next thereafter. While the council could neither force the house to immediate action nor prevent them from temporizing if they saw fit to adopt that line of action, they could refuse to approve of this absurd proposition to submit the scheme for the application of the funds to be derived from the reimbursement, to the discussion of all the town meetings in the province, and could not be compelled to admit to the subsequent consideration of the court the various opinions that might

be reached upon the subject. The board, therefore, declined to concur in the order to print the act for this purpose. The house then considered the question whether they could proceed in this matter alone. They voted first that they could not with propriety come into a resolution to print the bill without the concurrence of the board. Having determined that it would be improper for them to print the bill independently from the board, they then voted not to do it at all; after which the question was submitted whether the bill should be printed and a copy delivered to each member of the court and one to every town in the province. In view of the vote previously passed the conclusion of the house to print the bill would have required the approval of the council. Inasmuch, however, as the final determination was not to do it, this point is not of consequence.

On the 25th of January, 1748–49, the question was put whether the house would reconsider the vote of the day before respecting the enactment of the engrossed bill and then proceed to consider the bill. This was resolved in the affirmative and the bill was then passed.

This review of the proceedings in the house at this critical time, when so much depended upon their action, shows, that up to the last moment, the paper money men were in the ascendancy. They were in favor of a gradual reduction of the bills, and if in the schemes of the temporizers, due consideration had been made for the protection of the debtor class, the perilous position would have been accepted of dallying with the situation.

Hutchinson, who introduced the bill which was passed at this time, thus describes the events connected with its passage and the fortunate turn which affairs took, bringing success within his reach: "Some of the

directors and principal promoters of the land bank scheme,[1] being at this time members of the General Court, unexpectedly joined with the party who were for finishing paper money, but the opposition was so great that after many weeks spent in debating and settling the several parts of the bill, and a whole day's debate at last in a committee of the whole house upon the expediency of passing the bill, as thus settled, it was rejected, and the report of the committee accepted. . . . However, the next morning two of the members of the house,[2] zealous adherents of this party (the country party, which was in favor of paper), and who had been strong opposers of the bill, came early to the house to wait the coming of the speaker [Hutchinson], and in the lobby let him know that, although they were not satisfied with several parts of the bill, yet they were alarmed with the danger to the province from the schemes of those persons who were for a gradual reduction of the bills, and by that means for raising the value of the currency without any provision for the relief of debtors, and, therefore, they had changed their minds, and if the bill could be brought forward again they would give their voice for it, and others who opposed it would do the same. . . . As soon as the house met, upon a motion by one of these members, seconded by the other, the bill was again brought under consideration, and passed the house as it afterwards did the council, and had the governor's consent." [3]

[1] John Choate and Robert Hall.

[2] Joseph Livermore, the representative of Weston, and Samuel Witt, representative of Marlborough.

[3] History of Massachusetts (Ed. 1795), vol. 2, pp. 393–394. One of the pamphleteers of the day discussing the effects of this resumption says: "But taking it for granted that we were one hundred thousand pounds sterling in debt, yet it would be no great misfort-

CHAPTER XII.

THE MONEY PAID AND SPECIE PAYMENTS RESUMED.

While the "act for drawing in the bills of credit of the several denominations which have at any time been issued by this government and are still outstanding, and for ascertaining the rate of coined silver in this province for the future" was under consideration, a number of influential Boston merchants[1] submitted a petition to the assembly in which they set forth that the subject was one in which every individual was most nearly interested. Although not insensible to the wisdom and integrity of the General Assembly, yet they prayed that any bill relating to this important affair might be submitted to the public, before it should be enacted. Such was the custom of the parliament of Great Britain they apprehended in cases of like moment. The presentation of this petition aroused the friends of the bill who filed a counter petition, on the 23rd of January, 1748–49.[2] They had heard with satisfaction of the progress of the bill, and with concern that suggestions had been made by a body of merchants of Boston, that it might prove pernicious. Notwithstanding the fact that the rate of

une; for we have at this time two millions old tenor in silver in the province; and supposing we should discharge that one hundred thousand pound with a part of it, yet we should have eight hundred thousand pound old tenor remaining for a medium amongst us, at the lowest computation, which sum is allowed by those who are well acquainted with the course of our trade to be fully sufficient to answer all the purposes of a medium." Some observations relating to the present circumstances of the province of the Massachusetts Bay; humbly offered to the consideration of the general assembly. Boston, 1750, p. 9.

[1] Mass. Arch., vol. 102, no. 407.

[2] Mass. Arch., vol. 102, no. 408.

redemption which was proposed would prove less advantageous to the merchants of Boston than to any other part of the community, yet as they apprehended, the said rate would be greatly for the ease of the major part of the people. They agreed to use their endeavors that the good design of the bill might be answered. The act was actually passed three days after this, and before it was known what course was to be taken as to the payment of the money to the province, one motive for its passage being indeed, to facilitate the same by committing the province to a course of action which would meet with the approval of the Lords Commissioners of the Treasury. It was, therefore, conditional in character and future in its action. Sir Peter Warren, William Bollan, and Eliakim Palmer of London, were appointed to receive the money and to give a full discharge for the same. They were also authorized to petition his Majesty to transmit the sum in foreign coined silver, in a government ship, to the province. On arrival the treasurer was empowered to receive the same. For one year after March 31, 1750, the treasurer was to redeem outstanding bills in silver at the following rates: for every forty-five shillings in old tenor bills, one piece of eight; for every eleven shillings and three pence in middle tenor and new tenor bills, one piece of eight, and so proportionably for larger or smaller sums. All rights of redemption were to cease after March 31, 1751. All contracts after March 31, 1750 were to be understood to be payable in coined silver, and executions on judgments upon existing debts contracted in public bills could be satisfied in coin upon the same terms as those prescribed for the redemptions.[1]

[1] The omission of the first new tenor bills from this act is probably due to the fact that under the provisions of the act of emission which have already been explained, they had been previously redeemed.

The sum granted by parliament £183,649, 2*s.* 7½*d.* sterling was equal to about £244,866 "lawful money" of Massachusetts. The current rate of silver was about 60*s.* and it had been proposed to effect the redemptions at the rate of 55*s.* per ounce. It was found desirable, however, to adopt a compromise rate of 50*s.* or seven and one-half in bills for one in silver.[1] At this rate the £244,866 to be derived from the reimbursement would provide for £1,836,495 of the public bills reduced to old tenor rates, no thought being had of the possible cost of laying the money down in Boston. It was estimated that after this amount had been applied for redemptions there would still remain in circulation about £300,000 more rated in old tenor. A tax was, therefore, laid in this act, in terms of new and middle tenor bills for £75,000.[2] In case the General Court should fail to apportion this tax the treasurer was directed to issue his warrants to the selectmen or assessors, basing the same upon the next preceding assessment. These proceedings, if they should take effect, would render unnecessary the provisions which had been made in the several acts of emission for the future redemption of the bills and these provisions were, therefore, made void.

The act then went on to declare that after March 31, 1750, all contracts and debts were to be paid in silver at six shillings and eight pence an ounce, and after that date all persons were forbidden under severe penalties to account, receive take or pay any bill or bills of credit of either of the neighboring governments, a proviso being added that if these governments should take steps to sink their bills, then the clauses of the act forbidding their circulation should become void. If the sum granted

[1] Hutchinson's History of Massachusetts (Ed. 1795), vol. 2, p. 393.

[2] By "new" in this connection the last form was meant—old tenor bills were to be received on the basis of four for one.

by parliament should not reach the province before March 31, 1750, then the legislation formerly passed for drawing in the bills was to be revived and the special provisions of this act for their redemption were to become void.

For four years after March 31, 1750, no person elected to office could enter upon the performance of his official duties until he had made oath that he had not since March 31, 1750, wittingly and willingly, directly or indirectly, either by himself or by any for or under him, been concerned in receiving or paying within this government, any of the bills of the neighboring governments.[1] On the passage of this bill a letter to the neighboring governments was prepared, and the same was adopted on the 28th of January, 1748–49. [2]

A copy of the bill accompanied the letter when it was forwarded, and the respective governments were notified that since the effort to secure co-operation had failed, this province had determined not to let slip so favorable an opportunity for drawing in its own bills. In doing this it was impossible to avoid prohibiting the

[1] This Act will be found in Acts and Res., Prov. Mass. Bay, vol. 3, p. 430, *et seq.* The oath above mentioned is to be found in section 11 of the act. The Lords of Trade, to whom the act was submitted by the Privy Council, were appalled by its arbitrary character. Bearing in mind Shirley's reports of the absolute inefficiency of all previous legislation against the circulation within the province of these bills, they concluded that they would not disapprove of the act, on account of their objections to this section. At a later date, when the time came for the enforcement of this law, it practically prevented the organization of a board of selectmen in any of the border towns, especially along the Rhode Island line, where many of the towns depended for a living upon trade with their neighbors over the border. See petition of the town of Freetown, Bristol County, April 18, 1751, in which they say they cannot legally hold a town meeting and cannot supply jurors for the courts. Mass. Arch., vol. 116, no. 21; also petition of the town of Wareham, June 4, 1751, representing that the selectmen refuse to take the oath. *Ibid.*, vol. 116, no. 103.

[2] Mass. Arch., vol. 102, no. 410.

circulation in this province of the bills of credit of other governments, past experience having shown that it was impracticable to keep a silver currency while paper money was in circulation. Hopes were expressed that the other governments might still see their way to taking steps toward the adoption of a silver currency, in which case this province stood ready to do everything reasonable to cultivate a good agreement with its neighbors in pursuing a general design of so great importance. In speaking of the prohibition of the circulation of the bills of the neighboring governments, reluctance was expressed at the necessity for this step, especially with reference to those of Connecticut. An address to his Majesty was adopted at the same time expressing thanks for the reimbursement and petitioning for the free transportation of the money in a government ship.[1] A new attempt was made January 20, 1748–49, to secure the submission of the act to the towns which resulted in a failure,[2] but an order that the act should be separately printed and a copy be furnished to each member of the assembly and to each town was duly passed February 1st, 1748–49.[3]

On the 31st of January, 1748–49, Shirley had certified a copy of the act which the assembly had passed for drawing in the bills of credit and this was forwarded to Bollan and by him was delivered to the clerk of the Privy Council. On the 16th of March it was referred to the Board of Trade and by that body was submitted on the 18th of April to Matthew Lamb for his opinion. Lamb made no objection to the act in point of law and on the 11th of May, 1749, the Board of Trade

[1] Mass. Arch., vol. 20, nos. 493–495.

[2] Mass. Arch., vol. 102, no. 412.

[3] Mass. Arch., vol. 102, no. 413.

reported to the council that they thought it advisable that the act should be laid before his Majesty for confirmation. The confirmation was finally accomplished on the 28th of June, 1749.[1]

On the 15th of June, 1749, Bollan announced that he had received an order for the money, and on the 30th he added that the same had been paid over on the 16th of June, with a reduction of the fees to 1*d.* in the pound.[2] Three persons had been appointed to receive the reimbursement on behalf of the province, Sir Peter Warren, William Bollan and Eliakim Palmer, and, to meet the objections raised by the attorney general, this appointment had been duly authorized by the assembly under a law of the province.[3] In case of the death or disability of either Warren or Palmer, Bollan and the other were authorized to act. Bollan, if alive, was to be one of the two who should act, in any event. The contingency which this clause was meant to cover actually arose. Palmer died before the money was delivered and Warren and Bollan received it. The transfer to them was made by a draft upon the Bank of England. The agents purchased with it Spanish silver and English copper coin. Including the expense of marine insurance and sacking and boxing the coin, their purchases came to £179,260, 3*s.* 2*d.*[4] The remainder of the amount allowed for the reimbursement was absorbed by fees and commissions. The fee at the exchequer took £765, 18*s.* 1*d.* The owners of the "Molyneaux", a vessel chartered for

[1] These papers are given in full in the note to ch. XV, Laws 1748–49. Acts. and Res. Prov. Mass. Bay, vol. 3. The report of the Board of Trade reviews the situation at length. See also Mass. Arch., vol. 20 no. 516.

[2] Mass. Arch., vol. 20, no. 532.

[3] Mass. Arch., vol. 102, no. 429.

[4] Mass. Arch., vol. 102, no. 440.

some purpose by the agents, were allowed £802, 19*s.* 9*d*, and this was reserved by the agents and paid to them.[1] On shipments of this character on government vessels, it was customary to allow the captain a liberal gratuity. They thought it would be unwise to oppose a well-established custom in this respect and, therefore, had not pressed the government for an absolutely free passage for the shipment. Besides, the Lords of the Treasury were well aware that the silver rate in this adjustment was favorable for the province, and the opening of this question might have had its dangers. Mr. Bollan, with Sir Peter's approval, agreed to give Captain Montague, of the government ship "Mermaid," a present of £1500, which they said was short of one per cent., in consideration of freight as expressed in his bills of lading.[2]

A commission of £2,710, 16*s.* 10*d.* was charged by Warren and Bollan. The object of this was to furnish Bollan with funds. He had incurred many expenses, and had proposed to Sir Peter Warren to withhold a portion of the money on that account. To this Sir Peter would not assent, but he suggested that they could with propriety charge a commission. Personally he did not wish any remuneration for his services, and after making certain payments out of his share of the commission amounting to £455, 8*s.* 4*d.* by way of gratuities to persons he had made use of, he held the balance, £900, subject to the draft of the province.[3] Bollan stated that he held the whole of his commission subject to the disposal of the province, leaving the question of remuneration to be settled by the assembly.[4] He had taken the

[1] Mass. Arch., vol. 102, no. 440.

[2] This charge does not appear in Bollan's account, but was probably paid him in Boston.

[3] Mass. Arch., vol. 20, no. 559.

[4] Mass. Arch., vol. 20, no. 554.

money, as it was the only method to which Sir Peter Warren would agree for reserving any of it, and he had need of money to meet liabilities already incurred and for province expenses. There remained in Bollan's hands a balance not used amounting to £109, 4*s.* 9½*d.*, with which he personally stood charged.

The Bank of England at first demanded 5*s.* 6*d.* for silver, and afterward reduced the price to 5*s.* 5*d.* At that time the Bank was paying 5*s.* 3½*d.* for silver. The fact that the province was known to be in the market as purchaser of so large an amount of coin affected the price of silver, but Warren and Bollan thought it was best to go ahead and secure the total amount. The market as a general thing was about a farthing an ounce above the purchasing rate made by the bank. They secured 110,000 ounces, a promiscuous lot of milled and pillared coins at 5*s.* 3¾*d.*, and later they purchased at 5*s.* 4*d.* a shipment from Spain of 300,000 milled pieces 8/8 which came in one remittance. The bank then lowered its rate and let them have £65,000 sterling in milled silver at 5*s.* 4*d.* A few more purchases made up the 650,000 ounces. There were some exchanges of hammered for milled money for which allowances had to be made.[1]

The silver was first sacked and then boxed. Copper coin was procured from the mint and boxed. The whole was then transferred to Portsmouth under the escort of the horse guards and then shipped on the "Molyneaux."[2] The exact form of the shipment was as follows:

[1] Mass. Arch., vol. 20, no. 554.

[2] Mass. Arch., vol. 102, no. 441.

		Ounces.
1–206	Chests, each 3,000 oz. milled pcs. of 8/8 in bags,	618,000
207–214	" " pillared " "	24,000
215	halves, ditto	3,000
216	1,000 oz. halves, 876¾ " mixed, 281¼ " milled 423½ " " half, 418½ " " small,	3,000
217	containing milled	2,000
		650,000

This was purchased at prices ranging from 5*s.* 3¼*d.* to 5*s.* 4*d.*, and the whole cost amounted to £173,129, 5*s.* 11¾*d.* The copper coin was purchased by the ton, and was packed in 100 cases.

7 tons, 18 cwt., ½ pence at £10, 11*s.* 4*d.*, cwt., cost,		£1,669, 10*s.* 8*d.*
2 " 2 " farthings, £10, 10*s.* 4*d.*,	"	£ 441, 14
		£2,111, 4*s.* 8*d.*

The net cost of the money was therefore £175,240, 10*s.* 7¾*d.* They effected marine insurance for £175,000, at 2 per cent. to pay 98 in case of loss, the expense of which was included in their former statement of total cost. The expenses of the shipment in adddition to marine insurance, sacking and boxing were, therefore, £4,019 12*s.* 6¼*d.*, and the net amount received in coin in the province, £175,240 and a fraction, sterling, was equivalent to £233,654 New England money. The expenditure may be tabulated as follows:[1]

	£	*s.*	*d.*	*f.*
Cost of silver,	173,129	5	11	3
Cost of copper,	2,111	4	8	0
Sacking, boxing and insurance,	4,019	12	6	1
Exchequer,	765	18	1	0
Shipping charge,	802	19	9	0
Agents' commission,	2,710	16	10	0
In Bollan's hands,	109	4	9	2
	183,649	2	7	2

[1] Sir Peter and Bollan rendered an account which is to be found in Mass. Arch. vol. 102, no. 440, and vol. 20, no. 558. It is printed in the appendix.

At the rate of conversion into old tenor which was fixed in Hutchinson's bill, the coin imported would redeem only £1,752,405 in bills of public credit. The original act had been based upon the theory that the whole grant could thus be applied and it was conceived that the impossibility of thus applying the entire sum in consequence of the reductions made for fees and expenses might render the act void and of no effect. Legislation was, therefore, secured at a later date to cure this supposed defect.[1]

Under the act for drawing in the bills of credit it was made the duty of the treasurer of the province, in case the General Court failed to pass an act apportioning the tax for £75,000 in bills of the middle and last tenor before the 20th of June, 1749, to send his warrants to the tax collectors of the several towns, basing his apportionment on the last preceding tax. When this date arrived, the money had been in Bollan's hands only four days, and of course, the assembly had no knowledge of this payment. They, therefore, took no action in the premises. The law was, however, imperative, so far as the treasurer was concerned, and he proceeded to carry it out as best he could. It happened that he made a mistake in his apportionment, which he afterwards discovered. He, therefore, sent a corrected apportionment to the collectors, and the assembly on the 14th of December ratified this correction of the assessment.[2]

In September, 1749, the people of Boston, to quote from Palfrey, "little used to the sight of money, saw seventeen trucks dragged up King Street to the treasury offices, laden with two hundred and seventeen chests

[1] Acts and Res. Prov. Mass. Bay, vol. 3, pp. 480–481.

[2] Mass. Arch., vol 102, no. 446; Acts and Res. Prov. Mass. Bay, vol. 3, p. 432, *et seq.*, note.

full of Spanish dollars, and ten trucks bearing a hundred casks of coined copper." In November, Lieutenant-Governor Phips said to the assembly, "I congratulate you, gentlemen, upon the favor of Divine Providence in the safe arrival of the money allowed by the parliament of Great Britain, for our expense in reducing Cape Breton, whereby we are enabled in great measure to pay off the great debt contracted by the charge of the late war and now lying upon this province."[1] Bollan, who had come over with the money, was summoned before the court to tell his story, and, on the 15th of December, it was "unanimously resolved that it appears to this court that the said William Bollan has discharged the trusts reposed in him with great zeal and faithfulness."

Six months intervened between the time of the arrival of the money and the date set for the redemption of the bills of public credit. As the time approached there was evident doubt as to whether the coined silver, and especially the small change, would remain in circulation. In any event, it was thought that there was not enough small currency, and the assembly appointed a committee to prepare a bill for restraining the currency of half pence, farthings and coined silver at a higher rate than in the proportion of the milled dollar to 6*s*. This committee recommended that small bills of the following denominations should be printed: One-quarter of a dollar, equal to eighteen pence lawful money of Massachusetts Bay; one-eighth of a dollar or nine pence; one-twelfth of a dollar or six pence; one-sixteenth of a dollar or four pence half penny; one-twenty-fourth of a dollar or three pence; and one-seventy-

[1] Mass. Bay House Journal; Acts and Res. Prov. Mass. Bay, vol. 3, p. 457.

second of a dollar or one penny. The total amount to be struck off was not to exceed three thousand pounds lawful money, and the treasurer was to hold as a fund for the redemption of this fractional currency three thousand milled dollars.[1] On the 27th of January, 1749–50, persons were designated to sign this fractional currency.[2] Those of us who remember the Spanish coinage which circulated so freely in this country before the rebellion, will recognize the titles of the nine pence and four pence ha'pennies which the eighths and sixteenths of a dollar retained down to that time throughout this part of the country. The entire amount of this fractional currency was prepared for emission, but Hutchinson says that "a small part only was issued," "scarcely any person would receive them in payment, choosing rather a base coin imported from Spain called pistorines, at 20 per cent. more than the intrinsic value.[3]"

Apprehension was felt that silver might still be held at a premium,[4] even after the province was furnished with a metallic currency, and efforts were made to prevent by legislation what was termed in the preamble of the act passed for that purpose, a great inconvenience, but what would really have been a great menace to the prosperity of the province. It was provided in this act that it should not be lawful after March 31, 1750, to re-

[1] Mass. Arch., vol. 102, no. 455; Acts and Res. Prov. Mass. Bay, vol. 3, p. 507.

[2] Mass. Arch., vol. 102, no. 460.

[3] History of Massachusetts (Ed. 1795), vol. 3, p. 9.

[4] It was feared that the tax collectors would have difficulty in the performance of their duties, in consequence of the hoarding of notes for exchange for silver, and a resolve was passed in the house on the 15th of January, 1749–50, staying execution against collectors of taxes who should not remit until after May 31. Constables were ordered not to distrain until after April 30th. Mass. Bay House Journal.

ceive or pass any of the following coins at higher rates than those fixed by the act, namely: a guinea, at 28*s.*; an English crown at 6*s.* 8*d.*; a half crown at 3*s.* 4*d.*; an English shilling at 1*s.* 4*d.*; an English sixpence at 8*d.*; a double Johannes, or gold coin of Portugal of the value of three pounds twelve shillings, sterling, at £4 16*s.*; a single Johannes of the value of thirty-six shillings, sterling, at 48*s.*; a moidore at 36*s.*; a pistole of full weight at 22*s.*; three English farthings for one penny, and English half pence in the same proportion. Penalties were provided for violation of the act.[1]

"In order to dispense the silver" as the council phrased it, they voted on the 31st of March, 1750, that on the 2nd and 3rd of April, not more than fifty dollars in value should be paid to any one person and in every payment there should be included a certain proportion of copper money and of hammered dollars.[2] The house would not agree to this, the limitation of the amount of payment being evidently the basis of their objections, since the instructions as to forcing out the copper and the hammered money were accepted by them in another resolve. A scheme was also proposed for the purpose of preventing inhabitants of the neighboring governments from presenting bills for redemption either in person or by proxy. Inhabitants of this province were permitted to deposit bills of the neighboring governments, then in their possession, with the treasurer. In presenting bills of this province for redemption the inhabitants of this province were to make oath that the bills were their own property. If it was discovered that any were presented for redemption which actually belonged to inhabitants of the neighboring governments, they were to be re-

[1] Acts and Res. Prov. Mass. Bay, vol. 3, p. 494; Mass. Arch., vol. 102, no. 469.

[2] Mass. Arch., vol. 102, no. 472.

deemed in bills of the respective governments, lodged as above for this purpose by the inhabitants of this province,—credit being duly given to those who had thus lodged bills of these governments.[1]

On the same day a committee of six was appointed to sit daily until further orders for the purpose of receiving the bills presented for exchange for silver and for receiving bills of the neighboring governments presented by inhabitants of this province, to be held for exchange for bills of this government, in case any should be sequestered as the property of inhabitants of the neighboring governments and held for exchange as above. Every precaution was taken to prevent the silver from passing into the hands of residents of Rhode Island, Connecticut and New Hampshire. The suggestions as to requiring each person to take a proportionate share of copper and hammered money were incorporated in the definition of the duties of this committee, and they were also to be at liberty to pay unto any person (that might desire the same) three pence in every twenty shillings that might be exchanged, in the bills that were proposed to be emitted for small change. Large powers were conferred upon the committee to examine depositaries under oath as to the ownership of the bills, in order that the benefit of the act might be secured exclusively to residents of the province.[2] The time within which possessors of bills could present them for redemption under the original act for drawing in the bills of credit expired March 31, 1751, but apparently the committee appointed under this resolve was still in session on the 26th of April, 1751, for it was then ordered to close its labors on the third day of June

[1] Mass. Arch., vol. 102, no. 474.

[2] Acts and Res. Prov. Mass. Bay, vol. 3, p. 506.

of that year.[1] An examination of the situation of affairs will show that it was impossible for the province to have enforced the clause limiting the period of redemptions to one year.

Attention has already been called to the fact that the original scheme for the redemption of the bills was based upon the theory that the total amount of the grant of parliament would be received by the province. The amount absorbed by the expenses attendant upon collecting and remitting the money created a deficit in the means appropriated for the redemptions for which legislation had not as yet made provision. The province was unable to redeem its promises and the assembly frankly recognized the situation. They said that there was not silver in the treasury sufficient to redeem the bills and possessors would be injured unless relieved by the government. It was admitted that the paper currency of the province could not "be brought to a period" by the time proposed. In view of the fact that the designated time, at any rate as fixed by the original act of redemption, was already in the past, this admission was, perhaps, unnecessary. In order to meet the emergency which had arisen it was provided that possessors of bills who should bring them in by the third of June, 1751, were to be paid one-eighth in coin and seven-eighths in a certificate, which was to have added to it a premium of one per cent. and to carry interest at six per cent. from March 31, 1751. Apparently this method had been devised by the committee having in charge the redemption of the bills, for it was ordered that not only the certificates issued under this act but also those issued by the committee prior to March 31, 1751, should be redeemed in silver by December 31,

[1] Acts and Res. Prov. Mass. Bay, vol. 3, p. 555.

1751. The committee was to act as an intermediary between the possessors of bills and the treasury. Upon surrender of bills they were to issue orders on the treasurer for the eighth in coin and the seven-eighths in the form of a certificate. Special provisions were made as to the reception of these certificates by collectors of taxes and also as to their redemption.[1]

This act went through a process of evolution before reaching the shape in which it now stands upon the statute books,[2] and the records show that, except for the rigid adherence of certain individuals to principle, the assembly would even at this stage of the game have practically resumed the old practice of issuing a legal tender paper currency.

There is on file a protest of Andrew Oliver and Thomas Hutchinson against the proposed legislation of April 4, 1751, which sets forth the following objections to the act: 1st, because it fixes another means of discharging debts, a legal tender of uncertain value; 2nd, if the certificates are as good as money, it will be unnecessary to compel people to take them. If they are not as good it is unjust to do so; 3rd, a presumption on the part of the government that the value of the certificate is not equal to silver will tend to drive that metal out of circulation; 4th, no currency ought to bear interest. The established medium or instrument of trade ought to be certainly known, fixed and invariable.[3]

The bill as it originally passed the house was defeated in the council. On the second effort it got through both houses, and it was at this stage that Oliver and Hutchinson protested. The lieutenant-governor refused his con-

[1] Acts and Res., Prov. Mass. Bay, vol. 3, p. 554.

[2] *Ibid.*, vol. 3, p. 562.

[3] Mass. Arch., vol. 102, no. 485.

sent to this bill, influenced, perhaps, by this very petition, giving as reasons therefor that the certificates were made a tender in law in discharge of all private debts and contracts whatsoever, thus repealing or enervating the act to which this was called an addition, in one of its most material parts, and that he was further of the opinion that it would prove fatal to the country. In the modified form above described in which it afterwards passed, the act met with his approval.[1]

This was the last legislation on the statute books connected with the redemption of the bills. The province had already established a credit upon which it could secure loans. In June, 1750, the treasurer had been authorized to borrow five thousand pounds in Spanish milled dollars, on his notes payable with six per cent. interest in June, 1752.[2] Hutchinson says, "Few people were at first inclined to lend to the province though they were assured of payment in a short time with interest. The treasurer, therefore, was ordered to make payment to the creditors of the government in promissory notes, payable to bearer in silver in two or three years, with lawful interest. This was really better than any private security; but the people, who had seen so much of the bad effects of their former paper money, from its depreciation, could not consider this as without danger, and the notes were sold for silver at discount, which continued until it was found that the promise made by government was punctually performed."[3]

It will be noticed that Hutchinson dwells upon the fact that the notes issued by the treasurer were payable

[1] Acts and Res., Prov. Mass. Bay, vol. 3, p. 562.
[2] Acts and Res. Prov. Mass. Bay, vol. 3, p. 513.
[3] History of Massachusetts (ed. 1795), vol. 3, p. 10.

in silver. His statement was based upon the custom which prevailed during the period which he was discussing, but it happens that in the first attempt made by the province to provide itself with funds through loans, this precaution was omitted. There is nothing in the form of note to be issued by the treasurer which required its payment in silver. Doubtless, the custom of inserting this clause arose from the difficulties then experienced in negotiating the notes.

Although the change from paper money to a metallic currency was welcomed by the mass of the people, the advocates of the former, especially in the country, where the land bank had been strong, were still inclined to battle for their supposed rights and were even disposed to use force if necessary to maintain them.[1] Hutchinson says, "the prejudice in the town of Boston was so much abated, that when a large number of people from

[1] In 1750, one of the humorists of the day published a ballad with the following title: A mournful lamentation for the sad and deplorable death of Mr. Old Tenor, a native of New England, who after a long confinement by a deep and mortal wound which he received above twelve months before, expired on the 31st day of March, 1750. Two verses from the ballad will give an idea of its general character.

Then, good Old Tenor, fare thee well,
Since thou art dead and gone;
We mourn thy fate, e'en while we tell
The good things thou hast done.
Since the bright beams of yonder sun
Did on *New England* shine,
In all the land, there ne'er was known
A death so mourned as thine.

Of every rank are many seen,
Thy downfall to deplore;
For 'tis well known that thou hast been
A friend to rich and poor.
We'll o'er thee raise a silver tomb,
Long may that tomb remain,
To bless our eyes for years to come,
But wishes, ah! are vain.

Proceedings Mass. Hist. Soc., vol. 20, pp. 30–32.

Abington, and other towns near it, came to Boston expecting to be joined by the like people there, they were hooted at and insulted by the boys and servants, and obliged to return home disapppointed." [1] These demonstrations were, however, of sufficient importance for the assembly to pass a special act for preventing and suppressing of riots, routs and unlawful assemblies.[2]

We have the authority of Hutchinson for the statement that the shock to trade which was apprehended from the resumption of specie payments was not felt. A good currency was insensibly substituted for a bad one, and every branch of business was carried on to a better advantage than before. On the other hand, the depressing influence of the paper currency continued to exert a disastrous result upon the business of the colonies which had not resumed specie payments from which at the time when Hutchinson wrote they had not recovered.[3]

On the 25th of June, 1751, his Majesty gave his royal assent to an act to regulate and restrain paper bills of credit in his Majesty's colonies or plantations of Rhode Island, and Providence plantations, Connecticut, The Massachusetts Bay and New Hampshire in America; and to prevent the same being legal tenders in payments of money.[4]

By this act it was not lawful after September 29, 1751, for the governor of any of these colonies or plantations to assent to any new emissions, or to reissues of those

[1] History of Massachusetts (Ed. 1795), vol. 3, p. 9.

[2] Acts and Res., Prov. Mass. Bay, vol. 3, p. 544.

[3] History of Massachusetts (Ed. 1795), vol. 2, p. 395, "I am old enough to have seen a paper currency annihilated at a blow in Massachusetts in 1750, and a silver currency taking its place immediately, and supplying every necessity and every convenience." The life and works of John Adams, vol. 10, p. 376.

[4] Journals of the House of Commons, vol. 26, p. 295 and Statutes at large, vol. 6, p. 580, ch. 53, 1751.

then in circulation, or to the postponement of the time for calling in the bills then in circulation; nor to give his assent to any act whereby the bills should in any manner be depreciated. All bills in circulation were to be called in according to the terms of the existing laws providing for their retirement. An exception to the restraining clause as to emissions provided that bills might be issued for current expenses, but must be retired within two years from the date of emission. Reasonable sums might be emitted in time of war for emergent expenses. There was specific legislation through which an attempt was made to cover delinquencies on the part of borrowers of these bills, and to prevent such delinquencies from affecting the question of the retirement of the bills. It was provided that after September 29, 1751, there should be no legal tenders. A penalty was prescribed for disobedience on the part of any of the governors.[1]

[1] Acts and laws of His Majesty's province of New Hampshire in New England, with sundry acts of parliament, etc., etc., Portsmouth, 1771, p. 251. This closely resembles the MSS. copies of proposed legislation on this subject already referred to as to be found in the Mass. Arch., vol. 102, nos. 170 and 176.

CHAPTER XIII.

PARLIAMENT AND BILLS OF PUBLIC CREDIT IN THE COLONIES.

There are certain circumstances connected with the passage of the act to regulate and restrain paper bills of credit, etc., which would compel its consideration in any event, and its mention at the close of the previous chapter affords an opportunity for an examination of the attitude of parliament towards the bills of credit during the time that they were being issued in the colonies. For some reason or other, the House of Commons took the matter up in 1739, and on the 13th of June, petitioned his Majesty to cause to be prepared for the next session, a statement of the rates per ounce at which gold and silver coin were bought and sold in the colonies and plantations in America in the years 1700, 1710, 1720, 1730, and the current rates of these metals at the time of the petition or address. They called for an account of the paper bills, or bills of credit, which by virtue of any act or acts of assembly subsisted or passed in payment in any of the British colonies or plantations in the year 1700, together with a statement of those which had been issued since that time, their value in British money at the date of issue and at the time of the address. They also called for the provisions which had been made for the bills being sunk or discharged, and an account of those which had already been sunk or discharged.[1]

On the 28th of March, 1740, returns were made covering these points as to New York, New Jersey, Massachusetts, New Hampshire, Pennsylvania, the counties

[1] Journals of the House of Commons, vol. 23, p. 379.

of Newcastle, Kent and Sussex on Delaware, Maryland, and a number of the island colonies. The return from Massachusetts consisted of an account of the bills of credit made and issued by the province for the support of the government from the year 1700 to the year 1738, and of the provision made on their emission for sinking and discharging such bills, by taxes upon polls and estates, and the duties of impost and excise. Also an account of the province bills, made by order of the General Court, and delivered to the treasurer of the province, for which he also gave credit in the several years set against the sums; together with an account of what bills had been burnt, with the times when, and the price of silver and exchange.[1]

On the 10th of April, the Commons called for the instructions which had been issued concerning the observance of the act for ascertaining the value of foreign coin in America, also for the instructions which had been issued to governors not to give their assent to acts of assembly for the striking and issuing paper bills of credit in lieu of money, and likewise those instructions relating to the passing of bills, whereby the trade or navigation of the kingdom might be any ways affected.[2]

On the 15th of April, in addition to the returns already received relative to the bills of public credit of the colonies, "An account of the rise and progress of the paper bills of credit of South Carolina" was presented.[3] Copies of the instructions called for were also reported and in addition to the general instructions, sent to all the governors, particular instructions and additional instruc-

[1] Journals of the House of Commons, vol. 23, p. 512.

[2] Journals of the House of Commons, p. 518.

[3] Printed in the 9th volume of the Statutes at large of South Carolina and separately printed in vol. 5, no. 4, of Sound Currency, New York, 1898.

tions to the governors of Massachusetts and New Hampshire were sent in. To these were added particular instructions to the governor of South Carolina in 1730, and particular instructions to the then governor of that colony.[1]

On the 25th of the same month, Francis Wilks and Christopher Kilby, agents for the province of Massachusetts Bay, becoming alarmed at the investigations which parliament was making, petitioned for a hearing. They stated that when Belcher assumed the government of the province he found the revenue charged with the redemption of public bills, each year from 1730 to 1741, to the extent of between £16,000 and £17,000. These bills had been issued to meet the exigencies of the government caused by the long and distressing war with the Indians. The redemption of all bills issued since Belcher's accession had been laid on the years preceding 1742, so that there was to be drawn in, each year, in 1739, in 1740, and in 1741, £68,000. Beside this there was outstanding £45,000 in loans to be drawn in speedily with interest. They conceived it to be their duty to call attention to the present distressed condition of the province for want of a new emission of paper currency. Great confusion would ensue unless this were permitted.[2]

This petition having been read, the request for a hearing was granted and Kilby was called in. The committee in whose charge this matter had been placed had announced on the day previous that they were prepared to report and that they had certain motions to offer.[3] These motions they now submitted. They were, 1st,

[1] Journals of the House of Commons, vol. 23, p. 520.
[2] Journals of the House of Commons, vol. 23, p. 527.
[3] Journals of the House of Commons, p. 526.

that it was the opinion of the house that the act of Queen Anne regulating the value of foreign coins in the colonies had not been observed; and 2d, that the operation of the act had been frustrated by the legal tender function of the bills of public credit, After these motions were submitted, Kilby was heard, and he then withdrew. The House of Commons then adopted the first resolution, without a dissenting voice, and with equal unanimity, they voted to request his Majesty to require the observance of the act of Queen Anne, and to issue his proclamation fixing the values at which foreign coins should circulate in the colonies.

The second resolution, after a slight verbal amendment was then unanimously adopted, and it was then resolved to address his Majesty requesting him to require the governors to observe the instructions which had been issued to them not to give assent to or pass any act whereby bills of credit should be issued in lieu of money, without a clause should be inserted in such act, declaring that the same would not take effect until it should have been approved by his Majesty. It was also voted to request his Majesty to cause the Commissioners of Trade and Plantations, to have prepared an account of the bills of credit then outstanding in the several colonies, with their then value and their value at the times when they were issued, in money of Great Britain, together with an opinion of what would be the most easy and effectual manner of sinking and discharging all such bills of credit with the least prejudice to the inhabitants of the said colonies and plantations and interruption to the commerce of the kingdom.[1]

[1] The report of the Board of Trade in reference to the address of the House of Commons to His Majesty on April 25th, is given in "The general magazine and historical chronicle for all the British plantations in America," pp. 258–260. They say there is not enough basis

A motion calling for memorials and papers presented by merchants and traders of London, Bristol, and Liverpool, or any other persons, relating to any act of assembly for the creating or issuing of paper money in any of the colonies since June 29, 1716, was defeated.

On the 28th of April, his Majesty signified his willingness to furnish the papers called for.[1] At that point matters slumbered until the spring of 1744. On the 18th of April of that year, a petition was presented by several traders in behalf of themselves and others concerned in the provinces of America. The petitioners stated that upon representations being made to the last parliament, setting forth the evil consequences of raising the nominal value of silver and gold, the House of Commons came to several resolutions condemning the mischievous practice of altering the rates of silver and gold by issuing bills of credit. The house had likewise by addresses to his Majesty desired him to command the colonies to obey the instructions which had been issued upon that point. From time to time orders had been given by his Majesty to the governors to obey existing laws on this subject and to refrain from giving their assent to any act for further emissions of bills of public credit. The provinces had not, however, all observed these laws. Large emissions of bills of public credit had been made, whereby estates had depreciated, and the petitioners had been injured. Some legislation on the subject was necessary.

for a report but they recommend that the governor be directed to take care that the funds are protected. That where bills are issued on loans, care be taken that these loans shall be called in when due, and that ineffectual funds be made good. If these steps are carried out they will help, but the charter governments do not pay much attention to instructions.

[1] Journals of the House of Commons, vol. 23, p. 528.

After the reading of the petition, the journals of the House of Commons in which the action was recorded which was referred to by the petitioners were also read, and it was then ordered that leave be given to bring in a bill to prevent the issuing of bills of credit in the British plantations in America to be legal tenders in payments for money.[1] There can be but little doubt that this bill would have been passed promptly, but for the warlike spirit which was stirred up about this time in New England by Shirley, which, as matters then stood, could not have accomplished any results except through the emission of bills of public credit. The matter was then dropped, probably for this reason, and remained quiescent until attention was attracted to it by the various discussions in connection with the reimbursements for the Cape Breton expedition. That this was an opportune moment for legislation of this sort, if it was ever to be put in force, was plain. It is not strange then to find the subject again before parliament in the beginning of the year 1749. It was ordered in the House of Commons, on the 16th of February, 1748–49, that leave be given to bring in a bill to regulate and restrain paper bills of credit in the British colonies and plantations in America, and to prevent the same being legal tender in payments for money, and for the better enforcing his Majesty's orders and instructions throughout the said colonies and plantations. On the third of March this bill was read twice and ordered printed. A comparison of its title with that of the bill for which permission was given to be reported in 1744 will disclose the fact that, in addition to what was comprehended in the bill then introduced, parliament proposed to legalize the royal instructions and enforce them in the colonies.

[1] Journals of the House of Commons, vol. 24, p. 658.

The perils of the situation aroused the representatives of the colonies then in London and one after another they petitioned parliament to be heard. These petitions were all of them granted and seven of the governments in America were at different times heard by counsel at this stage of the bill in the House of Commons. The petitions themselves are printed at length in the journals of the house. They are of widely different merit, but those filed by the agents of Connecticut and Massachusetts Bay are especially worthy of careful perusal.

Eliakim Palmer, one of those to whom power was given to receive the reimbursement in behalf of the province of the Massachusetts Bay, was the agent of the colony of Connecticut. His petition which was presented March 15th opens with a careful review of the charter and of the rights conferred thereby and then goes on to say, "That as this charter has invested the governor and company of Connecticut with the full powers of government, and as they have never yet abused any of the privileges granted by their charter, and as the most valuable of them, should this bill pass into a law, will be irretrievably torn from them, in violation of the security and sanction of the charter"; therefore he prays to be heard. On the same day Richard Partridge petitioned to be heard both as agent of Pennsylvania and as agent of Rhode Island. In the latter petition, after reviewing the history of the charter, he gave as a reason why he should be heard because "the passing the before mentioned bill may be attended with such fatal consequences to the inhabitants of the said colony, in interfering with their charter privileges which they have hitherto enjoyed." On the 22d of March, the merchants and traders in London who were concerned in Pennsylvania put in their petition to be heard in the matter.

The petition of Bollan, the agent of the province of the Massachusetts Bay, was read on the 6th of April. This document contains an elaborate and strong presentation of the case of the colonies. Taken in connection with his bold and persistent efforts to secure for the province the total amount claimed for the reimbursement of the expenses of the Cape Breton expedition, it stamps him as one of the ablest, perhaps the ablest, among the patriots of the day, who were warring against the autocratic doctrine of governing the colonies through royal instructions. Bollan narrated the history of the charters of the colony and province *in extenso* and then proceeded to analyze the commission issued to Phips, taking that as the model on which all the others were framed. He said the governor of the province was required to execute all things in due manner that should belong to that trust, according to the several powers and authorities mentioned in the charter and in the commission, or such further powers, instructions and authorities, as he should then receive, or which should at any time thereafter be granted or appointed him under the royal sign manual and signet by order of the Privy Council in pursuance of the charter. A colony, he said, being the progeny of the state has an undoubted right to the liberties of the mother country. He showed that parliament had, in the days of Charles II, in an act for the encouragement of trade, declared that the colonies were peopled by his Majesty's subjects. Being subjects, they had, and their successors, the inhabitants of the province at the time when Bollan wrote, then had, a clear title to the benefits of common law and the liberties of Englishmen. The laws were then and ever ought to be the sole measure of their subjection and the rule of the King's government over them. This bill by the matter

therein contained providing for the enforcement throughout the colonies of royal orders and instructions would practically approve all future orders of future princes, no matter how repugnant they might be to the present constitution of Great Britain, and all such orders, if the bill should become a law, would receive the sanction of parliament. Royal orders, no matter how illegal except for this bill, would through its agency, when ratified and enforced by it, themselves become laws and necessarily bind the people. The special powers and privileges which the inhabitants of the Massachusetts Bay then enjoyed through the charter, would be taken from them by the natural operation of the act if it should come to be law and they would likewise be deprived of all the liberties they then held in common with British subjects. The bill he thought to be disproportionate in parts, insufficient to cure the evils against which it was directed and liable to a construction prejudicial to the inhabitants of the province which he represented.[1]

April seventh, South Carolina and New York petitioned to be heard by counsel in remonstrance against the passage of the act. All of these petitions were afterwards taken up, counsel for the several colonies were duly heard and evidence admitted tending to show the injurious character of the proposed bill. In further pursuance of the matter, the House of Commons on the second of May addressed his Majesty, calling for a certain petition which had been presented to the Privy Council by sundry merchants and principal inhabitants of Boston. The Commons wished this paper laid before them. On the thirtieth of the same month they again

[1] Mass. Arch., vol. 20, no. 501. Journals of the House of Commons, vol. 25, pp. 813-815.

addressed his Majesty, asking him to cause to be prepared, and laid before the house at the next session of parliament, an account of the tenor and amount of the bills of public credit which had been created and issued in the British colonies and plantations in America, and which were then outstanding, distinguishing the same in each colony and plantation, and giving the respective times when such bills so outstanding were issued. They also wished the value of these bills to be stated in the money of Great Britain, both at the time when they were issued and at the time of preparing the account. The times for calling in and discharging such bills and the funds appropriated for that purpose were also to be included.

The combined efforts of the colonies made such an impression upon the House of Commons that the clauses in the bill for enforcing the royal instructions were dropped.[1] It can hardly be doubted that the convincing manner in which Bollan presented the argument that by the passage of the bill in its original shape, parliament would commit itself to the approval in advance of any instructions that might be sent, thereby giving them the force of laws, must have opened the eyes of the house to the enormity of the proposed legislation. The power of parliament to pass the law was not at the time questioned in the discussion, but the right thus to discriminate against a portion of the subjects of the realm was disputed. The spirit in which the House of Commons resigned that power and admitted the force of the bold and unflinching presentation of the case of the colonies cannot fail to attract our attention.

About three months after Bollan's petition was read before parliament, he was on his way across the Atlan-

[1] Mass. Arch., vol. 20, no. 507.

tic with the money received for the reimbursement which had been shipped to Boston on the "Mermaid", by Sir Peter Warren and himself. He left London fully satisfied that the clauses against which he had directed the main force of his argument were dead, but the very fact that he was about to put the Province of the Massachusetts Bay in position to resume specie payments was in itself an argument why the bill should be taken up again and enforced as to the other colonies. The mention of the name of the province in the act would count for nothing, except in case of future emergencies.

That which was inevitable happened in 1751. On the 26th of February, 1750–51, a petition of the merchants of London trading to his Majesty's colony of Rhode Island was presented to the House of Commons.[2]

The petitioners represented that the currency of Rhode Island had depreciated in value over one-half within seven years. They said that there were then outstanding bills of the nominal value of £525,535. Nothwithstanding this condition of affairs several petitions for a new bank or another emission of paper bills of public credit had been lately presented to the general assembly.[3] The most considerable inhabitants of the province had petitioned the assembly not to take this step, but in August last a vote had been passed to emit £50,000 in bills of a new tenor, to be let out as loans. These would be equal in value to £400,000 in bills of their present currency, old tenor. They were, it

[1] The statement on p. 240, second line from the bottom, that the silver was shipped on the "Molyneaux" is an error. The vessel employed for this purpose was the "Mermaid" as is indicated on p. 239.

[2] Journals of the House of Commons, vol. 26, p. 64.

[3] The petition for a new bank meant, as the language of the text indicates, another emission, but it includes also the idea that the bills should be loaned to the inhabitants.

was said, made a legal tender in all payments whatsoever, let the stipulation of the contract be what it might. On the 12th of March, 1750–51, Bollan who had returned to London, testified that in 1742, silver was worth in Boston, in bills of credit of the old tenor, 27*s.* 6*d.* to 28*s.* 6*d.* In 1749, it was worth 60*s.* or thereabouts. Rhode Island bills varied but little from these rates. Barlow Trecothick testified that in 1742, exchange was £500 to £550 in Rhode Island bills of credit for £100 sterling. Alexander Grant said that the rate at the time of the hearing was £1,050 to £1,100 for £100 sterling, and that no general tax had been levied for paying off or sinking the bills of the treasury for upwards of twenty years, except one in 1744, for £10,000 currency, which was less than £1,000 sterling in 1751.

The committee resolved: first, that the rates of exchange were as shown in the testimony above given; second, that the bills had circulated promiscuously in the New England colonies, and that experience had shown that it was impracticable to prevent this except through legislation by parliament; third, that the rise in silver had defrauded creditors and had discouraged trade; fourth, that notwithstanding repeated notices from parliament, Rhode Island had in August voted to prepare a bill for the emission of £50,000 new tenor; and fifth, that to remedy this, the bills should be regulated and restrained. This report was agreed to by the House of Commons. The title which was adopted for the bill presented as a result of this has already been given.

March 15, 1750–51, statements of the condition of the currency in New Jersey, Rhode Island, North Carolina, South Carolina, Pennsylvania, New Hampshire, Massachusetts Bay and New York were submitted to the

house. The hearing was postponed from time to time, and other papers were produced. Bollan presented a petition for hearing on the 20th of April, 1751. He claimed that the province required credit in case of war, and that the curtailment of their power in this direction was contrary to and inconsistent with the charter rights and liberties of the province, and the well-being of the inhabitants thereof. Connecticut was heard in opposition to the bill, and New York also appeared among the remonstrants, but this time they made little impression on the House of Commons. Their arguments lacked force, and there was but little that the agents of the colonies could say, in view of the experiences which the several governments in America had undergone in connection with the issues of bills of public credit, that could command the sympathies of intelligent men, when pleas were advanced for the continuance of the rights of the colonies in this regard. The bill was passed on the 10th of June, and received the royal assent on the 25th of that month.[1]

[1] Journals of the House of Commons, vol. 26, p. 295.

CHAPTER XIV.

THE ENGRAVED PLATES AND THEIR VARIOUS ALTERATIONS.—THE COLONY BILLS AND THE OLD TENOR.[1]

The number of bills of the colonial and of the provincial currency which have been preserved is so limited that if we were compelled to rely for details concerning them upon such specimens as can be found in our museums, cabinets, and private collections, we could tell but little as to the denominations which were in circulation, and sould have but slender grounds upon which to base a description of the plates used in some of the emissions.

The colony bills were, as appears from the records, and from Mather's description of them, engraved on copper plates[2]. A few of these engraved bills survive and no question as to the fact that the entire emission was printed from these plates could arise, except from the quasi-endorsement as a true bill given to a pen and

[1] A paper entitled "The Massachusetts Bay Currency, 1690–1750" was read by the author at the October meeting of American Antiquarian Society, 1898. It was devoted mainly to the different series of plates and the denominations on them. The paper was published in the Proceedings of the Society with a table attached showing the different plates in use during this period and the denominations on them. This table will be found in the appendix.

[2] "Hereupon there was appointed an able and faithful committee of gentlemen, who printed, from copper plates, a just number of bills, and flourished, indented and contrived them in such a manner, as to make it impossible to counterfeit any of them, without a speedy discovery of the counterfeit; besides which they were all signed by the hands of three belonging to that committe." Magnalia, book 2, vol. 1, p. 190. Hartford edition, 1853. May 21, 1691, a committee was appointed "to call in and take into safe custody the plates which the Bills were printed off with." Mass. Court Rec., vol. 2, p. 185.

ink copy of one of them, by its reproduction in the Proceedings of the Massachusetts Historical Society for 1863. The copy is considerably larger than the genuine bills and the signatures thereto are apparently simulated. It is not probable, however, that there was any intention to deceive through the imitative character of the signatures. It is evident from the endorsement of the province treasurer which was reproduced in the copy, that the original bill was in circulation after 1692. It is not, in my judgment, conceivable that any committee of the late colony would at that time have assumed to act in its name.[1]

In the original act of emission, it was provided that the denominations should not be under five shillings nor over five pounds, but in February, 1690–91, the range was altered, and the committee was authorized to emit bills from two shillings to ten pounds. These were probably in eight denominations: 2*s*, 2*s*. 6*d*, 5*s*, 10*s*, 20*s*, 60*s*, 100*s*, and 200*s*.[2] The selection of these denominations must at the beginning have been purely experimental. The enlargement of the range within a few weeks from the date of the first emission, shows that experience had already taught the committee something in this regard. The lowest limit then set stood the test for several years, but the ten pound note would seem to have been a mistake. From occasional reports made at

[1] For a discussion as to the genuineness of this bill see Proceedings of the Mass. Hist. Soc., June, 1899.

[2] We have references to the several denominations as follows: 2*s*, 2*s*. 6*d*, and 5*s*, Acts and Res. Prov. Mass. Bay, vol. 8, pp. 178, 279; 10*s*, *Ibid.*, vol. 7, p. 303; 20*s*, *Ibid.*, vol. 7, pp. 280, 341; vol. 8, p. 21; £3, *Ibid.*, vol. 7, p. 21, vol. 8, p. 289; £5, *Ibid.* vol. 8, p. 289. Mention of the £10, is to be found in the act of February 3, 1690–91, Mass. Court Rec., vol. 6, p. 174. Mather's Magnalia, Hartford edition, vol. 1, p. 191. Hutchinson's History of Massachusetts (ed. 1795), vol. 1, p. 356.

a later date by the treasurer, in connection with the burning of defaced province bills, it is evident that there could have been but little call for so large a bill at any time, and it does not appear to have been included within the range of any other series. Indeed the maximum of the new tenor bills was forty shillings.

The form of the bills approved in connection with the original emission, had a space reserved in the manuscript draft of the law submitted by the committee, which was surrounded with a scroll and marked "Indentment." From repeated references as well as from specimens we know that the bills were actually indented.[1] They were signed by a committee appointed for the purpose three signatures being required upon each bill.[2] If we accept the two specimens in the Essex Institute and the Massachusetts Historical Society, as representative of the general character of the bills of this series, they were plain and unostentatious in appearance,[3] and the engraving of the plates was rude and unskillful. The only attempt at embellishment consisted of a pattern resembling lathe work of a simple character at the top of the face of the bill; another of a similar description on the top of the back, and a rude representation of the colony seal in the lower left hand

[1] Mass. Court Rec., vol. 6, p. 171; Acts and Res. Prov. Mass. Bay, vol. 7, pp. 280, 303; vol. 8, p. 21.

[2] Mass. Court Rec., vol. 6, p. 170. Mather's Magnalia, Hartford edition, vol. 1, p. 190.

[3] There is a 5 *s.* bill in the Collection of the Essex Institute, and a 20 *s.* bill in the Cabinet of the Massachusetts Historical Society. The latter bears upon its face evidence of being an altered bill. It bears date February 3, 1690. Jeremiah Allen, March 26, 1703, gave a certificate that there were no 20 *s.* bills in that emission. He also certified that the 20 *s.* bill ought to have borne the date December 10, 1690, and further that the 2 *s.* 6 *d.* bills of February 3 had many of them been altered to 20 *s.*, but could be detected by the date. Acts and Res. Prov Mass. Bay, vol. 8, p. 289.

corner. The words, "Come over and help us," represented as issuing from the Indian's mouth, are reversed in the bill, so that they become legible only through reflection in a mirror.[1] In this respect the seal differs from the form in which it is commonly presented, the phrase as a whole being in general inverted. Over the top of the bill the denomination is expressed by a numeral, while on the face of the bill the words indicating the amount are given in full. It is probable that this method of designating the denomination prevailed throughout the series, and that there were no prominent distinguishing features between the bills of different denominations.[2]

It has been seen that the province, as a temporary expedient, and probably in the hope that the necessity of issuing province bills might be avoided, continued for ten years to make use of the colony bills. Under the province laws authorizing these emissions, after December, 1693, the treasurer was required to endorse the bills before paying them out. Colony bills, endorsed by the province treasurer, may, therefore, be accepted as having performed double service, under colony and province.[3] The numerous cases in which special provision was made after 1702, for the redemption, or rather the ex-

[1] For a modern representation of the seal, see title page of the Records of Massachusetts. In Whitmore's Colonial Laws of Massachusetts, reprint of 1672 edition, the annual legislation down to 1686 is appended to the fac-simile reprint of the digest. This is also given in fac-simile, and, beginning with the year 1675, each annual publication bore at its head a rude cut of the colony seal An examination of the manner in which the engraver presented the phrase above referred to will show that the cut used in 1675 differed from those used thereafter.

[2] See Plate I.

[3] Francis Burroughs, who endorsed the 5*s.* bill, plate I, was one of a committee appointed by the act of July 5, 1692, to endorse bills borrowed by the province. Acts and Res. Prov. Mass. Bay, vol. I, p. 36.

change of unendorsed colony bills for province bills, show, either that the treasurer was negligent in the performance of his duty as endorser, or that many of the colony bills remained in circulation without endorsement long after they should naturally have been retired.

Before 1702, these bills must have become very much defaced and tattered; it is not surprising, therefore, to find that a proposition was made in the assembly in 1701, to print a new supply of them. The impossibility of procuring any signatures to the bills on the part of representatives of the colony, was probably the snag on which this scheme was wrecked.[1]

No special legislation appears upon the statute books in reference to counterfeits of these bills. This was not because they were exempt. They were certainly altered by raising the denominations. In contemporary legislation "counterfeits" were spoken of, but as this word was then applied to altered bills, it is not certain that counterfeiters at that time resorted to imitations of the plates.[2] The fact that the denominations were altered may be accepted as evidence that there was no great difference in the appearance of the bills of the several denominations of this issue.[3]

[1] In the tax act of 1701 an emission of £6,000 was authorized. On the 6th of August, the house resolved that "the Province Treasurer be directed forthwith to imprint and emit so many bills of credit as with what he had in his hands at the time of the passing of the last Act of this Court granting to His Majesty a tax upon polls and estates shall make up the aforesaid sum of six thousand pounds." The resolve then went on to confer authority upon the province treasurer and Capt. Andrew Belcher to sign these colony bills. The proceeding was, however, too absurd for the council and they non-concurred. Mass. Arch., vol. 101, no. 209.

[2] Acts and Res. Prov. Mass. Bay, vol. 7, p. 227; vol. 8, p. 289.

[3] There was a bill passed in November, 1692, entitled "A bill against the counterfeiting, clipping, rounding, filing, or impairing of coynes." In this act the word money as well as coins is used, but the title seems to indicate that the counterfeiting against which it was

The bills of the form which were afterwards known as "old tenor" were first issued in 1702. The form remained in constant use after that date down to the time that the province currency was withdrawn from circulation, although the designs adopted for the bills of the first series were superseded in 1713, and a new set of designs for all the bills in use was then adopted.[1] The original plates bore date 1702, but from time to time while these plates were in use, changes were made in the dates of some of the bills thereon.

It was specified in the act authorizing the first emission of the province bills that they should be indented.[2] So long as the bills remained perfect this might have served as a means for determining the authenticity of a bill, in case proper provision were made for marking and preserving the stub. As a practical safeguard, however, it is evident that it was worthless. The bills soon became ragged and tattered, and of course, any test of this sort must then have become impracticable.[3] Moreover, the necessity of reinforcing the strength of the feeble paper upon which they were printed soon created a com-

directed was that of the metallic coinage then in circulation. Mass. Arch., vol. 100, nos. 405, 406. Acts and Res. Prov. Mass. Bay, vol. 1, pp. 70, 71.

[1] The last actual emission was in January, 1740–41. Acts and Res. Prov. Mass. Bay, vol. 2, p. 1040.

[2] *Ibid.*, vol. 1, p. 503.

[3] The shocking condition in which the bills were permitted to circulate is alluded to by contemporary writers and may be inferred from some of the legislation. June 9, 1708, an order was passed "That all such of the bills of credit that are torn, worn out and rendered unpassable be exchanged, and that the treasurer deliver to the persons respectively bringing the same whole bills of like value in lieu thereof, or a proportionable part of the value to the value of the bills returned; viz; for three quarter parts, three quarter parts of the value; for a half, one-half of the value; none to be received under half a bill." Acts and Res. Prov. Mass. Bay, vol. 9, Resolves 1708–9, Ch. 9, p. 10. Mass. Court Rec., vol. 8, p. 360.

mon custom of pasting pieces of paper upon their backs, which must have interfered with the indent as a means of identification. These causes are perhaps adequate to make it clear that this provision of the law could not have been of any service, but if it be added that the bills were often halved and quartered, in making change, the futility of the process will be fully recognized.

The duty of selecting suitable "stamps" for the bills, was thrown upon the governor and council, and the devices engraved for this purpose were termed the "escutcheons or stamps,"[1] the alternative phrase "blazons" being sometimes applied to them.[2] The signing of the bills was entrusted to a committee, the number of which was not fixed by the act, but it was specified that the bills must be signed by the committee "or any three of them." The original committee was actually composed of five members,[3] and the preparation of the plates seems to have been turned over to them. They caused six copper plates to be prepared, three of which were engraved.[4] With the exception that the denominations of the bills were to be "in suitable sums from two shillings to five pounds," the determination of the denominations and the distribution of the amount to be issued among them were apparently left to the committee. From repeated mention, we know that originally the bills were issued in eight denominations,[5] and they were 2*s.*, 2*s.* 6*d.*, 5*s.*, 10*s.*, 20*s.*, 40*s.*, £3, and £5.[6] In 1709, the

[1] Acts and Res. Prov. Mass. Bay, vol. 8, pp. 640, 642.

[2] *Ibid.*, vol. 8, p. 204.

[3] *Ibid.*, vol. 1, p. 508, note; vol. 8, p. 24, p. 774 note.

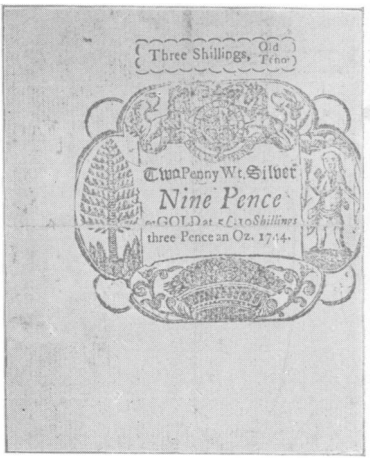
[4] *Ibid.*, vol. 7, p. 747. By Mr. John Conny.

[5] *Ibid.*, vol. 8, pp. 204, 640.

[6] See table in report of committee, November, 1704, *Ibid.*, vol. 8, p. 469.

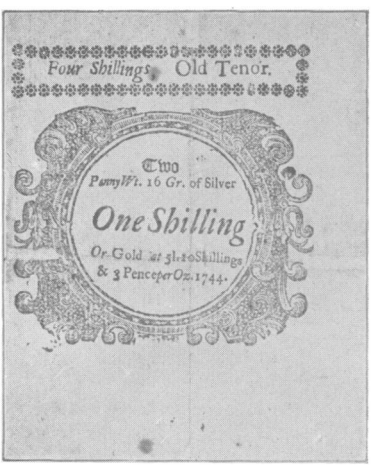
Plate 14.





Bill for 9*d*., emitted under the Act of June 20, 1744, the engraved designs for the bill being those prepared for the 1742 emission. The date 1742 appears over the word "Committee." The woodcut on the back was prepared for the 6*d*. bill, 1737. Size, 3¾ in. x 4¾ in. Photographed by permission of the Lenox Library.





Bill for 1*s*., emitted under the Act of June 20, 1744, the engraved designs for the bill being those which were prepared for the 1742 emission. The date 1742 appears over the word "Committee." The engraver has reversed the fours in 1744 on the face of the bill. Size, 3¾ in. x 4¾ in. Photographed by permission of the Lenox Library.

number of denominations was increased to ten, alterations being ordered in one of the plates which furnished 3*s.* and 3*s.* 6*d.* bills.[1] In a similar way, in 1710, through alterations in the plates then in use, a 4*s.* and a 50*s.* bill were added, thus bringing the number up to twelve.[2] Frequent references to each of the foregoing denominations are to be found in the reports of the committees appointed to oversee the burning of the bills.[3]

In a letter to the Lords of Trade, May 9, 1713, the postmasters general allege that loss arose in the postal service in the province through the fact that the nominal value of the lowest denomination of the public bills amounted to a crown. This statement was based upon information obviously erroneous, and Dummer, the agent of the province, on the 25th of June, informed the Lords of Trade that some of the bills were made for so small a sum as eighteen pence.[4] Although no authority can be found, previous to the year 1713, for the emission of a bill of this denomination, we know that they were authorized that year, and specimens in existence, bearing that date, show that they were then put in circulation.[5]

The three plates which the committee caused to be engraved, were known as the large, sometimes also called the great, or the high plate, the middle plate, and the lowest plate, the classification being based upon the denominations of the bills on the several plates. It is evident from references that each plate was engraved so that an impression could be simultaneously taken of

[1] Acts and Res. Prov. Mass. Bay, vol. 1, p. 646.

[2] *Ibid.*, vol. 1, p. 668.

[3] Mass. Arch., vol. 101, nos. 391, 409.

[4] Acts and Res. Prov. Mass. Bay, vol. 1, p. 705.

[5] This does not of necessity corroborate Dummer's statement, but it has that effect if his assertion can be held to include the issues of that year.

four bills, and one such impression has been preserved.[1] The lowest plate at this time had two bills of 2*s.* and two bills of 2*s.* 6*d.*[2] The middle plate contained the 40*s.*, 20*s.* 10*s.* and 5*s.* bills.[3] The great plate must have contained the £5 bill, the £3 bill, and two 20*s.* bills.[4] The language used in the preamble of the act of 1710, "there were three plates engraven of the twenty shilling bill,"[5] must be taken in connection with the report of the committee cited above, and probably means merely that there were three cuts of that bill. The committee had recommended in June that the two twenty shilling bills on the great plate be altered, thus locating two of these cuts.[6] Full authority was conferred at that time to carry out this suggestion, and this act is to that extent a mere ratification of what the court had already authorized to be done. It goes one step further, however, in instructing the committee to change the date of the 20*s.* bill on "the third plate" to 1710.[7] This can only refer to the cut of that bill on the middle plate. From the preamble of this act, we learn that the impressions taken from these three cuts of the twenty shilling bill could be readily distinguished from each other. There were, it was said, "some literal differences in the character each from the other," and there were "some variations not obvious without a curious inspection."

The first discovery that any counterfeits upon the emission of 1702 had been put in circulation, took place in July, 1704. This was before any special legislation

[1] Mass. Arch., vol. 101, no. 361.

[2] Acts and Res. Prov. Mass. Bay, vol. 1, p. 646.

[3] *Ibid.*, vol. 1, p. 561; vol. 8, pp. 55, 202. For an impression from the middle plate, see Plate 3.

[4] *Ibid.*, vol. 1, p. 668.

[5] *Ibid.*, vol. 1, p. 666.

[6] *Ibid.*, vol. 1, p. 668.

[7] *Ibid.*, vol. 1, p. 666.

had been made, declaring the commission of such an act to be a criminal offence. It was important, therefore, to convince the public that such acts were illegal, and that the government could find a way to punish the perpetrators. On the 24th of July, the governor by advice of the council, issued a proclamation calling in for inspection all the 20*s.* bills, this being the denomination which had been counterfeited. A reward of fifty pounds was offered for disclosures which would lead to the conviction of the persons who had committed the forgery, and indemnity was tendered to the informant in case he should be one of the conspirators.[1] The size of the reward led to treachery among the counterfeiters, and the next day four of them were arrested and their plate and press were seized. One of the gang, apparently the most criminal of the lot, escaped, and on the eighth of August, a proclamation was issued offering a reward of thirty pounds for his capture. This resulted in his arrest in Stonington, Connecticut, on the tenth. He was, however, an old hand in such matters, and managed to escape from his captors. He was next heard from in Philadelphia, where he was again arrested. While in custody, on the way to Boston, the vessel in which he was being transported suffered shipwreck, and he was for a while lodged in jail in New Jersey. Ultimately he was sent forward, in irons, but at Newport he again contrived to escape. He was, however, promptly recaptured and was sent to Boston, where he arrived in June, 1705, and was tried, convicted and imprisoned.[2] Between the time of the first arrest of the counterfeiters

[1] This Proclamation was published in no. 15 of the News Letter, July 31, 1704. The same number contains the account of the seizure of the plates.

[2] Acts and Res. Prov. Mass. Bay, vol. 8, pp. 431, 432, 708, 709.

and the trial of the "chief contriver and actor," the governor had called the attention of the assembly to the fact that he was obliged to rely upon the common law for the power requisite for the punishment of the forgers of the bills of credit,[1] and it was in response to this suggestion that the first act against counterfeiting the province bills was passed, in 1704.[2] It will be seen that rewards amounting to eighty pounds were offered to secure the conviction of counterfeiters, who, it was well known at that time, had not succeeded in putting out £100 of the counterfeit bills. The earnest desire to protect the circulation did not stop with the payment of this relatively large reward. It was evidently thought that the mere existence of counterfeits might discredit the public bills, and the commissioners before whom the twenty shilling bills were ordered to be brought for inspection were authorized to receive the counterfeits from innocent holders, and exchange them for good bills to the extent of seventy pounds, it having in the meantime been ascertained that the whole amount of counterfeits uttered did not exceed that sum.[3]

This prompt action probably had a deterrent effect upon counterfeiters, but the field was too easily cultivable to remain long fallow. The bills then in use were easily susceptible of denominational alteration.[4] There were no striking peculiarities to distinguish them from each other. Each denomination was independently engraved, so that the spacing of the words and the dis-

[1] Acts and Res. Prov. Mass. Bay, vol. 8, p. 432.

[2] *Ibid.*, vol. 1, p. 556.

[3] Sixty-five pounds which had been taken in for exchange were ordered to be burned in November and subsequently five other bills turned up. Acts and Res. Prov. Mass. Bay, vol. 8, pp. 93, 106, 130, 145, 173. *Ibid.*, vol. 9, Ch. 22, Resolves 1708–9, p. 13. Mass. Court Rec., vol. 8, p. 368.

[4] Two altered bills are shown on Plate 2.

tances between the lines were not exactly alike in any two of them. The main points of difference were to be found in the lettering of the opening words, "This Indented Bill," for which some peculiar form was adopted in each bill. The royal arms of England, which were in every instance to be found in the lower left hand corner, were also presented in different ways, being either absolutely free from external decoration, as was the case with the twenty shilling bill, or surrounded by ornamental work of individual character, as in each of the other denominations. These points of difference were, however, none of them of a striking nature. It required more or less scrutiny to detect them and they did not offer adequate safeguards against alterations. The scroll work on the top of the back of each bill, was the same for all the bills on each plate, and could only have been of use in connection with the indent.

Furthermore the success of work in the nature of altering or imitating the currency was facilitated by the dilapidated condition in which many of the bills were permitted to circulate, and was favored by the lack of scrutiny on the part of the rural population.[1] The first thought seems to have been that some protection against counterfeiting might be derived from "stamps," which were to be put on by "the Company of Stationers who have the sole making of paper in England," and who apparently controlled the stamps proposed to be employed. A proposition to make use of a safe-guard of this nature was submitted in February, 1704–5, and paper was ordered from London of proper size for eight bills a sheet, "with eight separate stamps in every sheet

[1] The author of A letter from a country gentleman at Boston to his friend in the country, Boston, 1740, says, p. 4, that it is "credibly reported that the counterfeited five pound bills pass at the eastward as currant as the true bills, tho' known to be counterfeits."

that may appear in the centre of the bill, each ten ream to have a different stamp."[1] The only mark or stamp on any of these bills, which is to be found among the specimens in existence to-day, is the red monogram of the letters A.R. which appears in 1708 and 1710.[2] This may have been printed in England, but the strength of this conjecture is weakened by the fact that the bills bearing this red stamp had the scroll work on the back also in red.[3]

The proposition for a change in the distinguishing mark upon the bills with every ten reams of paper, discloses on the part of those seeking to introduce obstacles to counterfeiting, a curious tendency to multiply the forms in which the bills were to circulate. Apparently, no thought was given to the difficulties thereby imposed upon the public in recognizing the genuine bills, and no attention was paid to the fact that the counterfeiter could make his selection from any of these forms. The idea seemed to prevail that so long as the government officials had the means of determining what bills were genuine it was not of consequence, perhaps not desirable, that these means should be permanent or should be publicly known. Thus, in 1705, it was proposed that the governor and council might order and make alterations in the true bills of credit, and might appoint a person or persons to endorse or new sign the bills. These persons might put private marks to the bills, when and as

[1] Acts and Res. Prov. Mass. Bay, vol. 8, p. 107.

[2] See Plate 4.

[3] In the Report of the Council of the American Antiquarian Society, October, 1884, J. Hammond Trumbull refers to the interlaced cipher A. R. impressed on the face of the Massachusetts bills of the issue of May 31st, 1710. It may be inferred that Mr. Trumbull associates this cipher with the order given in 1705 for paper bearing different stamps in each ten reams, for he alludes to the fact that Connecticut adopted the same expedient. Proc. Am. Ant. Soc., 1884, p. 289. See Plate 18.

often as they should see occasion, and they were to keep an account of the marks that they should make for the better discovery of any false bills.[1] This extraordinary suggestion seemed to be acceptable to the council, and it was ordered by that body that a bill should be drawn to carry it into effect. The idea of permitting the governor and council to alter the bills was again embodied in a proposition submitted by a committee in 1706, although this time there were to be no private marks. This recommendation was that power should be given the governor and council "in the vacancy of the general assembly, and until the next session thereof, as occasion may require, to order any new mark, stamp, form or number to be made upon the bills; giving public notice thereof to the province by a proclamation."[2] This was favorably received by the council, but rejected by the house. A few days after this report was brought before the assembly, they ordered a plate to be forthwith provided on which the eight several stamps or blazons affixed to the bills of credit were to be engraved. From this plate three thousand impressions were ordered to be printed which were to be distributed among the towns of the province proportionately to their contributions to the taxes. This was to be done it was said, for the better information of her Majesty's good subjects as to the different forms of said stamps and the bills to which they belong. The figure denoting the denomination of the bill was to be placed in the middle of the stamp, in order to discourage ill meaning men from altering and increasing the bills.[3] It is obvious from this that denominational changes had by this time been

[1] Mass. Arch., vol. 101, no. 293.
[2] Acts and Res. Prov. Mass. Bay, vol. 8, p. 639.
[3] *Ibid.*, vol. 8, p. 204.

fraudulently made, which were, however, so crude, that mere familiarity on the part of the public with the general appearance of the various plates would check their circulation. The order was carried out to the extent of printing 1,500 sheets "of the escutcheons or stamps of the eight several sorts of bills of credit,"[1] and the charge for engraving the plate was entered by the province treasurer under the item of "the escutcheon to prevent fraud."[2] The policy then inaugurated that familiarity on the part of the public with the forms of the bills was a better protection than private marks, did not, however, permanently prevail, for in 1708 it was ordered for the better discovery of counterfeit bills, if any there might be, that the committee that signed the bills should furnish the treasurer with an account of the order and method of their proceeding in that affair, that so the treasurer might be the better enabled to detect and find out any false bills.[3] This may possibly refer to the use of different colored ink for the signatures.

In 1707, the committee on bills made a charge for "new graving one of ye plates." Neither the specific amount of the charge, the date when the service was rendered, nor the description of the plate appear, but it was evidently a separate charge from the "escutcheon to prevent fraud."[4] No trace of a plate of this date shows itself among the bills which have survived, but twenty shilling bills were certainly emitted bearing date 1708, as appears from a document in the archives, in which "twenty shilling bills of date 1708, imprinted

[1] Account rendered by the committee on bills, March 17, 1706–7. Acts and Res. Prov. Mass. Bay, vol. 8, p. 640.

[2] *Ibid.*, vol. 8, p. 642.

[3] *Ibid.*, vol. 9, ch. 9, Resolves, 1708–9, p. 10. Mass. Court Rec., vol. 8, p. 360.

[4] Acts and Res. Prov. Mass. Bay, vol. 8, p. 698.

and put into the treasury" are spoken of.[1] The twenty shilling bill was then on the middle plate and associated with it was the forty shilling bill, of which we have a specimen preserved bearing date 1708.[2] It may be surmised that we have in these bills of 1708, traces of the hand which new graved "one of ye plates" in 1707. This conjecture will perhaps be permitted to stand until a bill bearing date 1707 shall turn up.

It was discovered in 1709 that another plate had been counterfeited, and that bills printed therefrom were in circulation. The house upon learning this fact was desirous of imposing the death penalty for counterfeiting, but the council referred the matter to the next session.[3] This was in November, and doubtless the feelings of the representatives were aggravated by the discovery of these counterfeits, because they had in the previous June ordered steps to be taken which they evidently thought would greatly increase the mechanical difficulty of counterfeiting the bills, a vote having been passed on the tenth of that month, "that the thirty thousand pounds of bills of credit directed by the court to be imprinted, be made with the whole scrowle of red inke through the body of the bill the better to prevent counterfeiting."[4] For the purpose of illustrating the operation of this method of preventing counterfeits, the committee which recommended it, submitted a specimen sheet of bills printed from one of the plates, having the proposed red scroll imposed upon the bills as suggested.[5] With lauda-

[1] Mass. Arch., vol. 101, no. 391.

[2] Lenox Library—This 40 *s.* bill corresponds in all its details with the 40*s.* bill of 1702, the only change being the substitution of an 8 for the 2 in the date. There is a possibility of its being a counterfeit but this does not diminish the interest of the bill. See Plate 4.

[3] Nov. 15, Mass. Arch., vol. 101, no. 373.

[4] Mass. Arch., vol. 101, no. 360.

[5] See Plate 3.

ble economy they produced this result by making use for a scroll, of the pattern which had previously been printed in black upon the back of the same bills. It consisted of a net work of lines closely interlaced in an intricate manner, and in the specimen sheet it was superimposed upon the face of the bill in such a way as to cover and render somewhat obscure nearly one-half of the reading matter on each bill. Without materially adding to the mechanical difficulty of counterfeiting the bill, the confusion thus introduced must have played into the hands of the counterfeiters. While the order is positive that thirty thousand pounds should be printed with the red scroll upon the bills, and there is nothing in the records to indicate that it was not carried out, still there are evidences that the utter worthlessness of this proceeding as a protection was soon discovered. Indeed, in 1710, the committee to prevent counterfeiting the public bills, recommended that in printing the bills then about to be issued, "there be no red scroll in the body of the bills contained in the small plate."[1]

While considering the various denominations of the bills of the 1702 plates, the fact was alluded to that in 1710 two of the twenty shilling bills were changed on the plates to other denominations. The circumstances under which this step was taken remain to be considered. In 1710, the discovery that one of the twenty shilling bills had again been counterfeited brought the assembly face to face with the knowledge that the circulation of three distinct impressions of bills of this denomination, each varying slightly from the other, tended to facilitate the fraud, or as they themselves stated it, "the cheat was less perceptible and more difficultly

[1] Acts and Res. Prov. Mass. Bay, vol. 1, p. 668.

discovered by reason that there were then several impressions of the twenty shilling bill."

The two twenty shilling bills on the great plate were therefore ordered to be altered by changing their denominations, and the one on the other plate by changing the date to 1710.[1] All 20*s.* bills of the date of 1702 were ordered to be brought in for exchange and the treasurer was forbidden to pay out any more of them.[2]

The next important step in connection with the plates was the preparation of an entire set in 1711 in which the grouping was arranged strictly according to the numerical sequence of the denominations expressed in shillings. Up to this time this system had not been entirely complied with. The 40*s.* bill was originally placed upon the middle plate, while the high plate contained two twenties. The various changes in the plates had left them in the following conditions: lowest plate, 2*s.*, 2*s.* 6*d.*, 3*s.*, 3*s.* 6*d.*; middle plate, 5*s.*, 10*s.*, 20*s.*, 40*s.*; high plate, 4*s.*, 50*s.*, 60*s.*, 100*s.* In the new plates the denominations on the lowest plate were not disturbed. The middle plate contained the 4*s.*, 5*s.*, 10*s.* and 20*s*; while the 40*s.*, 50*s.*, 60*s.* and 100*s.* bills were on the high plate.[3] Nothing is said of the red scroll in connection with the new plates. In the absence of any knowledge concerning these plates, other than that above given relative to the denominations which they contained, we cannot say whether any changes were introduced at this time which tended in any way to thwart

[1] The recommendation of the committee was that a 50*s.* bill be substituted for one of them and a 4*s.* bill for the other. Acts and Res. Prov. Mass. Bay, vol. 1, p. 668. The 20*s.* bill on Plate 4 bears date 1710.

[2] *Ibid.*, vol. 1, p. 666.

[3] Report of committee, Dec. 14, 1711, Mass. Arch., vol. 101, no. 409. These plates were engraved by John Cony.

the counterfeiters. It may be inferred, however, that such was not the case, since in 1713 and 1714, new plates were again prepared in which distinguishing features were introduced for the easy determination of the different denominations.

Prior to the time that the red scroll was ordered there is no direct order on record calling for the use of this color in printing the bills. Items in the accounts rendered in 1704 by the committee for printing bills show that the printer charged for charcoal, blacking and oil, but there is no material specifed which could have contributed a red color.[1] The use of red ink upon the face and back of the bills seems to have suggested the possibility of employing different colors for the signatures. The twenty shilling bill of 1710, in the Lenox Library, was signed by three of the committee and the middle signature was in red ink. A system of diverse-colored signatures was then introduced, and in some instances it is evident that the rules under which the colors were used by the signers of the bills were intended to be of an occult nature, so that the true bills could be detected by those in the secret. The counterfeiters being ignorant of these rules might violate them and thus betray

[1] Acts and Res. Prov. Mass. Bay, vol. 8, pp. 386, 440.

The following charges at a later date associate another name beside Cony's with the engraving of the plates and also show the use of red ink in 1735.

To Ingraveing ye small plate.
To Ingraveing ye sume and date,
on each bill on the grate plate.
To Frankfort Black.
To Red for ye Inke of ye Midl. plate.
To making Varnish and three pts. of Black Ink.
To 1 pot of Red Inke.

The account is signed by Nat Mors.

Mass. Arch., vol. 101, no. 525.

themselves to those who possessed the requisite knowledge.

In November, 1713, discovery was made of the existence of counterfeit ten shilling and three shilling and six pence bills. The further circulation of the true bills was forbidden and all outstanding bills of those denominations were ordered in. The treasurer was authorized to exchange those made off the "true plates" for like sums in other denominations.[1] To aid in the carrying out the foregoing, the committee having the preparation of bills of public credit in charge was enlarged by the addition of a new member, and was instructed to prepare two new plates, each to have four bills engraved thereon, of such denominations as the committee with the treasurer should think to be most convenient. From these new plates they were ordered to print ten thousand pounds of bills, each one of which was required to be signed by "four at least of the committee," and the bills thus printed the treasurer was authorized to exchange for the ten shilling and three shilling and six pence bills which had been ordered in.[2] No specific statement is made in the records at this date of the denominations selected by the committee and treasurer for these two plates, but it appears by the preamble of an act passed in June, 1714, that the two plates were duly prepared by the committee under the authority given the previous year. An additional plate to contain the thirty, forty, sixty and one hundred shilling bills was then ordered to be prepared.[3] In this preamble it is stated that the middle plate contained the twenty, ten, five and three shilling bills. It may

[1] Acts and Res. Prov. Mass. Bay, vol. 1, p. 724.

[2] *Ibid.*, vol. 1, p. 902. This is in the postscript beyond the index.

[3] There is a dilapidated 40 *s.* bill in the Massachusetts Historical Society's Cabinet printed from this plate. See Plate 7.

be inferred that the additional plate ordered in 1714, was for the purpose of completing the series and that in the exercise of the discretionary power conferred upon them, the committee and the treasurer selected for the plates prepared in 1713, the denominations of twenty shillings and under. The other plate prepared in the year 1713 must therefore have contained bills below three shillings. Through an account of worn and defaced bills unfit for further service, we learn that the following bills of that description were in circulation: one shilling, one shilling and six pence, two shillings and two shillings and six pence.[1] It is evident, therefore, that although the assembly by ordering a new high plate in 1714, restored the old method of designating the plates, the grouping of the bills on the plates was different and new denominations were introduced on the lowest plate.

The act referred to as passed in 1714, was for the purpose of furnishing a new supply of currency, and of forcing the old out of circulation. The 10*s.* and the 3*s.* 6*d.* bills had already been ordered in. All the 50 shilling and 20 shilling bills were also ordered in for exchange. All torn, lined, pasted, or otherwise defaced bills were treated in the same way. £10,000 had been ordered to be prepared in 1713, for these exchanges. £40,000 more were now ordered to be got ready. A fresh currency was thus to be furnished the province, and as a means of protecting it from some of the causes of degradation of that which was then in circulation it was ordered that none of the new bills should be pasted, lined or covered on the back.[2] The circulation of bills so treated was

[1] Mass. Arch., vol. 101, no. 514.

[2] The condition of the bills while in circulation was described by an English traveller who was much impressed by it. He was speak-

positively forbidden. There still remained the counterfeit and altered bills to be considered. The assembly had in 1706 redeemed the counterfeits. They made no promises in 1714, but ordered all such bills to be brought in and deposited in the treasurer's hands, and instructions were given that the names of the owners of the bills thus deposited should be indorsed on them, so that the court might take such order as it should think fit.[1]

The committee to sign these bills consisted of six members, and the practice of requiring four signatures to each bill, which was established in 1713, was continued. Judge Sewall was one of this committee, and he has embodied the system adopted by the committee for the use of different colored inks for signatures, in some mnemonic lines or verses in Latin hexameter which he recorded in his diary.[2]

ing of a later date, after the law above referred to was put in force, but much of what he describes must have applied at this date :

"As to money they have no sort of Coin among 'em, nothing but paper Bills which are Issued by the Governor and Council, but being made current they answer the same end as money among themselves ; and the People in Common had much rather take these bills for any thing they sell than gold or silver, notwithstanding many of them are so miserably fractured, that on passing from one to another they often fall into three or four pieces ; and many of 'em are pinned together in several places, and are so obliterated with their being often handled, that they are difficult to be understood by those that are unused to 'em, but upon application to the Treasury they change 'em without any expence."

An abstract historical account of that part of America called New England. * * * 1740, by Joseph Bennett. Sparks MSS. Harvard College Library, pp. 159, 160.

[1] Acts and Res. Prov. Mass. Bay, vol. 1, pp. 740, 741.

[2] Coll. Mass. Hist. Soc., 5 series, vol. 7, p. 49. Sewall's Diary, vol. 3. July 6, 1715. "Transcribed my three lines to direct me in signing the pound-plate.

Ter niger apparet cui competit ordo secundus
Ter signat rubro qui tertius ordine signat
Ultimus et primus gradiuntur passibus æquis.

Sent four bills exemplifying it, and 2 *d.* Bill to make it up Forty."

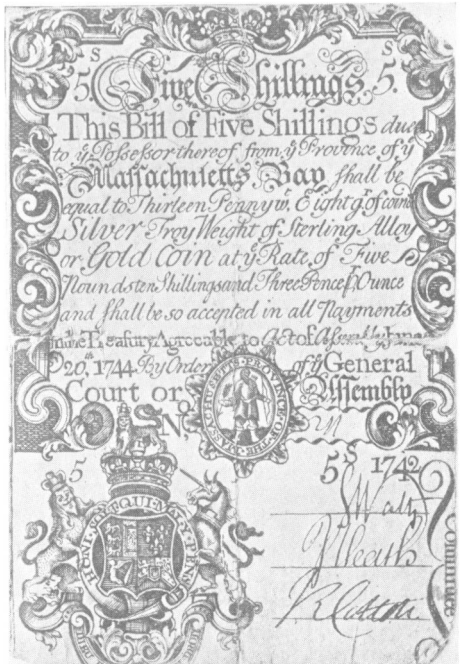
The plate which contained the 20*s.* bill was probably the pound-

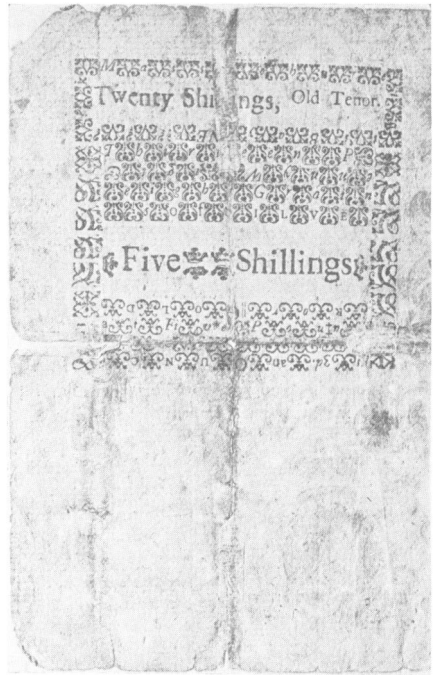
It was in this set of bills that the feature was introduced of enclosing the reading matter of each denomination in a separate and distinct geometrical figure, a protection against denominational alterations which must have proved effective. These plates continued in use so long as old tenor bills were emitted. All impressions from them bore date 1713 or 1714, according to the size of the bill, but it was the custom as successive emissions were thereafter made, to engrave somewhere upon the face of the plate the date of the emission. Thus the bills bore upon their face the record of the use of the plate.

In February, 1717–18, in consequence of the discovery of further counterfeits, among which were the £5 and £3 bills, and it being also observed that the public had neglected to comply with the orders of the government and exchange their bills of the first issue for those printed from the new plates, it was ordered that all bills of public credit, signed by three of the committee, should be brought in for exchange before November 1st, 1718, so that no bills should remain in circulation unless they were signed by four of the committee. After November 1st, 1718, the circulation of bills signed by three only of the committee was absolutely prohibited. The assembly neglected to provide the treasurer with enough bills signed by four of the committee to effect these exchanges, and in the middle of November, 1718, it was estimated that there were still outstanding £15,000, which, for this reason, he had been unable to

plate. It contained also the 10*s*., 5*s*. and 3*s*., making 38*s*. The Diary reads "and 2*s*. bill to make it up Forty," the "2*d*. bill" of the published Diary being, either an error of interpretation of the manuscript or a typographical error. For a reading of the mnemonic lines see Proc. Mass. Hist. Soc. for December, 1899.

PLATE 15.





Bill for 5*s*., 1744 series. The plate was originally prepared for the 1742 emission. The date 1742 appears over the signatures of the Committee. The silver value and the gold rate are interwoven in the border on the back of the bill. Size, 3¾ in. x 5½ in. Photographed by permission of the Massachusetts Historical Society.

exchange.[1] The time for making exchange was therefore extended until April 1, 1719, after which date the bills signed by three were no longer to be available in payment of private debts, but the treasurer was permitted to receive them from the commissioners of the loan fund until the May session of the court.[2]

In December, 1727, it being found that there were many counterfeit ten shilling bills passing between man and man, whereby honest persons unable to distinguish between the good and the counterfeit bills were liable to be imposed on, it was resolved that from and after the first day of August next coming no person presume in any private payment to put off any ten shilling bills of credit of this province. Provision was made for the exchange of the genuine bills by the treasurer.

The most striking of the characteristics of the second series of old tenor bills would seem to have been the use of special forms within which to enclose the text of the inscriptions of the several denominations. The royal arms of England appeared on each bill in the lower left hand corner and apparently it was the intention that some specific method should be adopted for their representation upon each denomination. This rule was not, however, rigidly enforced. When we compare bills of the same denomination printed from different plates, we find that considerable latitude was allowed the engraver, as to the manner in which he should present the embellishments of the bill.[3] The shilling bill had the words "one shilling" over the top of the truncated pyramid and the designation in pence by numerals twice at the top and twice at the bottom of this figure. On the

[1] Acts and Res. Prov. Mass. Bay, vol. 2, pp. 93, 121, 130.
[2] *Ibid.*, vol. 2, p. 121.
[3] Compare the three one shilling bills given on Plate 5.

shilling plate that was used in 1740, these numerals were obliterated, although a close scrutiny will reveal traces of them.

Each bill of this issue had an ornamental band across the top and separate patterns for these bands were doubtless used for the several denominations. Here again the engraver was allowed great latitude. In three specimens of the shilling bill, evidently from separate plates, while the pattern of this band at the top is obviously the same, the presentation by the engraver is in each instance so individual that it might almost as well have been a different pattern.[1] There were also slight differences in the scroll work on the back of these bills.

The five shilling bill of 1713 had the words, "A Crown," over the top, and on the face read, "This five shilling bill indented." The back of this bill had an elaborate pattern in buff color. The eighteen pence bill had the words, "Eighteen Pence," over the top—its value was defined on the face as one shilling and six pence—and this value was stated in figures at the four corners, as follows: 1*s.* 6*d.*[2]

A special emission as a substitute for copper money in making change was authorized in 1722. The several denominations, one penny, two pence and three pence were mere tokens, bearing neither a certificate of indebtedness nor a promise to pay by the province, and being without signature by committee or treasurer. They were printed on parchment, the penny being round, the two pence square, and the three pence hexagonal. The denominational value was printed in numerals and in type on the face of each piece, and the month and year of the emission. The title of the province also appeared

[1] See Plate 5.
[2] See Plate 6.

on each, but was given in an ascending scale of completeness according to the value of the denomination. The penny had only the word "Massachusetts"; the two pence, "Province of the Massachusetts"; and the three pence, "Province of the Massachusetts Bay, N. E."[1]

In February, 1727–28, the committee on bills, for some cause not specified in the order, was directed "to put some plain mark to distinguish the ten shilling bills which shall now be struck off from those already issued."[2]

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 243. See Plate 7.
[2] *Ibid.*, vol. 2, p. 486.

CHAPTER XV.

THE ENGRAVED PLATES AND THEIR VARIOUS ALTERATIONS.—THE FIRST, SECOND, AND THIRD NEW TENOR AND THE 1750 BILLS.

The denominations of the first new tenor bills to be issued under the act passed in February, 1736–37, were specifically set forth in the act. They were: ten pence, one shilling and eight pence, three shillings and four pence, six shillings and eight pence, ten shillings, twenty shillings, thirty shillings, and forty shillings. The unit upon which this scale was constructed was the supposed normal value of the ounce of silver, 6*s.* 8*d.*, the small denominations being the eighth, quarter and half of that unit, while the larger were represented by the multiples, one and one-half, three, four and one-half, and six. As was the case with the old tenor bills, the task of preparing suitable stamps devolved upon the governor and council. The bills were to be signed by a committee, the number of which was not designated, but three signatures were required for each bill.[1] The bills were not required to be indented.

In all previous emissions the height of the bill had exceeded the width. A single specimen of this set of bills is to be found in the cabinet of the Massachusetts Historical Society.[2] Its shape indicates a change in shape for the bills of this emission. As is the case with our modern bank notes the width is considerably in excess of the height. The engraving of the plate is ex-

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 818.

[2] See Plate 8.

cellent. The number is in the upper left hand corner. The value in pence is expressed in letters upon a species of escutcheon in the middle of the top, immediately beneath which, to the right, the same is again given, this time in figures, and in shillings and pence. The Indian from the province seal, bearing a quiver upon his back and a bow and arrow in either hand, appears upon a sort of shield in the right hand upper corner, beneath which upon a ribbon folded back and overlapping itself are the words, "Province of the Massachusetts." A scroll work device about half an inch wide runs from top to bottom on the left hand side of the bill, and on the right hand side there is a border composed of a dark and a light line parallel to each other, which is interposed between the reading matter and the edge of the bill. The signatures of three of the committee follow each other in sequence on the lowest line of the bill, the word "Committee" being in the middle at the bottom. The value is also printed in bold letters on the back of the bill and this is surrounded by a border made up of emblems from a printer's font. To the right and to the left respectively, of the inscribed value, are the letters "G" and "K," in equally bold type, so placed that they form a part of the border above mentioned. Their presence doubtless has some signification. To the right, beyond the border and at the edge was a coarse engraving, which in the bill in question appears only in part.

On the back of the bill, beneath the words expressing the value, will be found "Massachusetts Bay, New England," and beneath that, intermingled with the emblems which constitute the border at the bottom, the figures, "1737." The border at the top is composed of three lines, and carries, interwoven in its parts, the words, "ONE OUNCE COINED SILVER, TROY WEIGHT,

STERLING ALLOY, EIGHTY PENCE." The letters composing these words are broken into lines, the length of which is determined by the several sides of the bill. The first line is easily read with the bill in a normal position, but to follow the inscription the bill must be turned to the left, then upside down, then again to the left and finally restored to its first position.

July 2, 1737, it was ordered that the committee already appointed for the making of bills of credit of the new tenor should take effectual care that there should be printed thirty thousand bills of each of the following denominations: one penny, two pence, three pence, four pence, five pence and six pence, the total amount of which would be £2625. The figures and inscriptions for the face of the bills were prescribed by the act and are to be found delineated in the statute books.[1]

Each bill bore upon its face in prominent type the denomination. This was followed by the inscription, "Due from the province of the Massachusetts Bay, in silver money at six shillings and eight pence per ounce, according to law, 1737." Each bill had some special design for the border surrounding the text of the inscription. These were evidently printed from wood cuts. Upon all except the bill for one penny, means were provided for determining the denomination through numerals or printed matter incorporated in the embellishments of the border. None of these bills bears any signature. Two denominational values, one corresponding with that given on the face of the bill, and one expressed in old tenor, were printed in common type upon the back, the whole being surrounded by an improvised border made up from materials at command of an ordinary printing office. See Plate 10.

[1] Acts and Res. Prov. Mass. Bay, vol. 2, pp. 884, 885. For a page of the contemporary laws, see Plate 9.

The denominations of the second new tenor bills, as well as their grouping upon the plates, were fixed by the act first authorizing their emission, which was passed in January, 1741–42. There were to be three plates, the first containing the bills for forty, thirty, twenty and fifteen shillings; the second, the ten, five, four and three; the third, the two shillings and one shilling and the bills for eight, six, four and two pence. The stamps were to be projected and directed by the governor and council, and the committee was directed and empowered to print and sign these bills, but nothing was said in the act as to the number of signatures required on each bill.[1]

January 14, 1742–43, the following alterations were ordered in the plates: In the second plate the four shillings bill to be altered to half a crown, and the three shillings bill to fifteen pence; in the third plate, the two shillings bill to be altered to nine pence, and the eight pence bill to three pence.[2] The engraving of these plates is of a high order of excellence and rivals the best hand work that can be produced to-day. In their preparation the engraver reverted to the shape which had been in use prior to 1737, the height of the

[1] Acts and Res. Prov. Mass. Bay, vol. 2, p. 1077. There is, however, in the Archives a house resolve of date of April 9, 1742, to the effect that the bills of credit of the present emission to be struck from the middle plate shall be signed by three of the committee. Mass. Arch., vol. 102, no. 220. The neglect as to the other plates was remedied by a vote the passage of which took place according to the record, January 11, 1742-43, when it was ordered that the committee to be chosen to sign the bills should consist of eight. The bills of the first plate were to be signed by six. Those of the second by three. Those of the third by two. Mass. Court Rec. vol. 17-3 p. 599. This volume of the Records is made up of copies. The date probably should be 1741-42. It also appears that an attempt was made to call in old bills, June 2, 1742, when a committee was appointed to report some proper method for calling in and changing the outstanding bills for bills of the latest form and tenor. Mass. Arch., vol. 102, no. 242.

[2] Acts and Res. Mass. Bay, vol. 3, p. 68. See bill for 3*d*., Plate 12.

bills being greater than the width in about the same proportion as in the early series.[1] The bills of the second plate were considerably larger than those of the third, and it may be inferred that this distinguishing feature was carried through the series and applied to the bills upon the first plate also. The general appearance of the engraving was distinct for the different plates, although the characteristics of the third plate were perhaps most capable of individual variation for the several denominations. It seems quite clear that when these designs were accepted they were thought to have solved the problem of what was essential for a paper currency, for we find that with the variations of which they were easily susceptible, they were made use of in New Hampshire and in Rhode Island, and when a new form of bill was adopted in Massachusetts in 1744, these plates were continued in use, the inscription being altered to meet the requirements of the new form. Owing to the small number of specimens of these bills which have been preserved, most of our students, and indeed many of our collectors, have only been familiar with the miserable temporary subterfuges for a paper currency which were emitted at a later date. To such, the high grade of this work will be a revelation. It would seem, indeed, as if our engravers might with advantage study some of the devices embodied in these designs.

The description of the bills of this emission will necessarily be limited to specimens impressed from the second and third plates, since no example of those upon the first plate has up to this time been met with by the writer. In the second plate[2] the reading matter of the

[1] Cf. Plate II.
[2] Cf. Plate II.

bill was surrounded by an elaborate ornamental border, about half an inch in depth, the general features of which are very similar in the different denominations, although a close examination shows that each denomination has an individual and characteristic pattern of its own. The Indian of the province seal, surrounded by the inscription, "Province of the Massachusetts," was introduced at the center of the bottom of this pattern on an escutcheon, on each of the bills, but the details of the method by which this was done were different in every case, nor was the engraver bound to any particular attitude for the Indian. Beneath the reading matter on the left, the royal arms of Great Britain were engraved. Immediately under the ornamental border of the reading matter on each side, the denomination of the bill was given in numerals, and in addition, on the right, was the date of the year, 1742, while the space beneath to the right of the coat of arms was reserved for the signatures of the committee.

The value in old tenor was printed on the back, the same being surrounded with a border made up from a printer's font, in which the words "Massachusetts Bay, N. E." can be picked out. Beneath this the face value in new tenor was given, and this again was surrounded with a similar border which contains the value of the bill stated in penny-weights of silver and the equivalent rate per ounce of gold. To follow the inscription requires patience, as the method of the composer was not logical and the different borders were not alike in their composition.

The several denominations on the third plate[1] were distinguished from each other by the individual character of the geometric figure within which the text of the

[1] Cf. Plates 12-14.

inscription was enclosed. The general effect of the ornamental engraving outside these borders was such that at a casual glance the observer could identify the plates from which the bill was impressed. Closer inspection discloses the fact that each denomination bore distinct and characteristic features. The royal arms of Great Britain occupied the lower left-hand corner, while the lower right-hand corner was devoted to what was evidently intended as a representation of the province seal. In the middle of each bill, at the top, was a crown surmounted by a lion, and running through the ornamental work of that portion of the bill was a ribbon bearing the words, "Honi soit qui mal y pense." This motto was interwoven and worked through the ornamental pattern in such a way that, although the same feature was repeated in every bill, yet upon examination it will be seen that no two of the bills closely resemble each other. The signatures of the committee were to be found between the two seals at the bottom of the bill, the abbreviation for committee, "Comm^{tt}," being placed at the lower edge of the plate beneath the space reserved for signatures. This was separated from the signatures by a bracket, and immediately over the bracket was the date, 1742, in Arabic numerals.

The old tenor value was printed on the back of these bills, the same being surrounded with a border such as could be composed in an ordinary printing office, with the signs and emblems usually to be found in a font. The new tenor value in Troy weight silver, in pence, and the equivalent gold rate were also printed on the back, and around the text of the inscription were borders imprinted from rude wood cuts. Some of these can be readily identified as those prepared for the small money in 1737.

So far as we can judge from the specimens now to be seen, the protection against raising denominations which was first applied in 1713, namely, enclosing the reading matter in a specific figure adopted exclusively for that denomination, was abandoned in this series except upon the third plate. So long as this rule was rigidly applied, an observer after he had familiarized himself with the outlines of the several enclosing figures of the bills, could determine at a glance what the denomination ought to be, but in the case of this series, the alterations already referred to, as authorized in January, 1742–43, which violated the rule by placing in circulation more than one denomination for a particular figure, must have undermined confidence in the test even in its limited application to the single plate of this series, on which the device was put in force.

On the 20th of June, 1744, the third and last form of the new tenor bills was adopted, and a committee which was not then named but was to be appointed by the court, was empowered and directed to cause a certain sum in these bills to be printed and to sign and deliver them to the treasurer. Unlike the previous acts containing a new form of bill, there is no provision made for the preparation of the stamps for the new bills, nor any rule laid down for the number of signatures upon each bill. The denominations prescribed were limited to forty shillings, thirty shillings, twenty shillings and fifteen shillings.[1]

The statement has already been made that the plates prepared in 1742 were made use of for the emissions of 1744. The existence of bills of the second and third plates having the silver value and the gold rate stated in accordance with the act of 1744, and bearing on the

[1] Acts and Res. Prov. Mass. Bay, vol. 3, p. 148.

face the inscription "Agreeable to Act of Assembly, June 20th, 1744", shows that the committee actually exercised powers in the emission of notes not specifically authorized in the original act. Allusions in the house journal to emissions from the third plate under date of July 20 and November 1, 1744, show that the assembly approved of these acts.[1] In the description of the 1742 bills it was stated that they not only bore the date of the act of emission in the text of the bill, but that the date of the issue, 1742, was also given in connection with the signatures of the committee. The change of the text required for the use of the plates under the new act necessarily brought with it the alteration of the first of these dates, but the second was permitted to stand, so that each specimen of this emission bears the date 1744 in the text and 1742 underneath.[2] The specimens upon which the foregoing conclusions are based are from the second and third plates. The inference would be strong in any event, that the first plate of the 1742 bills was also made use of in 1744, and this is made more probable by the fact that no orders were given in the act of emission to the committee to prepare any new plates. Douglass, in an obscure note, comes to our relief and states that, to save the charge of new plates in June, 1744, the necessary changes were made upon the old plates.[3]

[1] Attention has been called to the omission in the act to define the number of signatures requisite for a bill. The rule in force in 1743 appears to have been regarded as still in force, just as the power of the committee to use any of the 1742 plates seems to have been unquestioned. June 25, 1744, the house journal contains an order authorizing an emission with four signatures only, "there being haste."

[2] Cf. Plates 12–16.

[3] Douglass's meaning is not quite clear until we take into consideration the fact that the 1742 emission was based upon silver at 6*s.* 8*d* per ounce, while the 1744 emission was based upon a rate of 7*s.* 6*d.*

The committee appointed in 1749 to prepare a bill for restraining the currency of half pence and farthings; and coined silver and gold, at any higher rate than in proportion to milled dollars at six shillings; and to consider some method for providing change, reported January 27, 1749–50,[1] that there was an immediate necessity for the appointment of a committee, which should be impowered and directed to cause to be struck off and signed, as soon as might be, small bills of the following denominations, viz.: one quarter dollar, eighteen pence lawful money of Massachusetts; one-eighth of a dollar or ninepence; one twelfth of a dollar or six pence; one sixteenth of a dollar or four pence half penny; one twenty-fourth of a dollar or three pence, and one seventy-second of a dollar, or one penny.[2] The treasurer was to reserve a fund of silver adequate for the redemption of the bills issued. Bills of this description were in the course of events issued. Two signatures were required for those of 18*d.* and 9*d.*, and one only for the smaller bills.[3] Hutchinson says with regard to them, that only a small part of those which were prepared were issued, the reason apparently being that "scarcely any person would receive them in payment, choosing rather a base coin imported from Spain, called

per ounce. After calling attention to the fact that the assembly had by legislation attempted to say that bills promising the possessor different values should be equal to each other, he goes on to say: "In the same kind of impositions, used by Lewis XIV, of France, who by recoinages from time to time miniorated his money, at length finding his people reduced to insensible dupes, he saved the charge of recoinage, and uttered the same coin with only some little mark or stamp, at a further depreciated value; in June, 1744, to save the charge of new plates, we miniorated the value of emissions of Nov., 1741, by a few dashes upon the same plate." A summary, historical and political, etc., etc., vol. 1, pp. 359, 360, note.

[1] Acts and Res. Prov. Mass. Bay, vol. 3, p. 507.

[2] Cf. Plate 17.

[3] Mass. Bay House Journal, Jan. 27, 1749–50.

pistorines, at twenty per cent. more than the intrinsic value."[1]

Although these bills were emitted for the purpose of aiding in the process of redemption, still they temporarily added to the confusion of the situation. The outstanding circulation which was then being withdrawn was composed mainly of old tenor and of second and third new tenor bills. Of the old tenor bills there were twelve denominations on the last set of plates; of the second new tenor, eighteen; of the third new tenor there were fourteen denominations. To these forty-four varieties six more were added by the action of this committee, thus bringing the number of different bills then in actual circulation up to fifty. The foregoing estimate takes no account of the different province bills dated prior to 1713, thirty-one varieties in all, nor of the eight denominations emitted in 1737. The three tokens in 1722, and the six varieties of small money emitted in 1737, are also dropped from consideration. If the statute ordering in the bills signed by three only of the committee was absolutely enforced, there could have been none of the earlier emissions extant, but if by any chance representatives of these different varieties had eluded observation, it would carry the number of distinct impressions still in circulation up to ninety-eight. Add to these the eight varieties of the colony bills, of which there were some still lying in pocket-books and hidden receptacles, and we can see that the committee appointed to supervise the redemption of the public bills might have had submitted to them over one hundred different varieties.[2]

[1] History of Massachusetts, (ed. 1795), vol. 3, p. 9.

[2] Hutchinson says: "I saw a five shilling bill which had been issued in 1690, and was remaining in 1749, and was then equal to eight pence only in lawful money, and so retained but about one-eighth of its original value." History of Massachusetts (ed. 1795), vol. 1, p. 357.

CHAPTER XVI.

WHERE SPECIMENS OF THE MASSACHUSETTS BILLS ARE PRESERVED.

The description of the engraved plates heretofore given has disclosed the places of deposit of the more important of the bills upon which that description was based. It will be seen that the greater part of them are in the cabinets of the Essex Institute, the Massachusetts Historical Society, the Library of Harvard University, and the Lenox Library at New York. It is reasonable to suppose that there are many more in the hands of private collectors, but it is not an easy matter to find out where such collections are, nor is it possible when they are discovered to ascertain in all cases what they contain. Several of them which promised returns for examination were found to be deposited in fire proof vaults where they were inaccessible, and in the case of some of those which were accessible it was not possible to arrive at satisfactory conclusions as to their contents, through lack of either catalogue or such classification as would relieve extensive search. The collections of Mr. William S. Appleton, of Boston, and Mr. Nathaniel Paine, of Worcester, were kindly thrown open to my inspection, and each of them furnished information on the subject under investigation. The valuable collection made by the late Hon. Mellen Chamberlain has also contributed to this study. It was deposited in the Boston Public Library by Judge Chamberlain in his lifetime and has now become the property of the city through bequest. Through the kindness of its owner my attention was called to a bill

which he had seen in the collection and he gave me permission to have it photographed. Since then other bills have been found there, concerning which something will be said hereafter.

There were probably at one time numerous specimens of defective bills in the archives, and of counterfeit or altered bills in the Suffolk files. In the one case they were, perhaps, attached to petitions for relief, and in the other they were deposited as evidence in criminal proceedings. One such fragment of a bill, and one impression from the middle plate attached to a committee report, both in the archives, cover the extent of the discoveries in these two great collections.

Notwithstanding the fact that the place of deposit of the more important of the bills hereinbefore described has been indicated, it was not possible in treating the special subject then under consideration to give lists of the bills in the separate collections nor to point out all particulars of interest connected with the individual specimens. Knowledge upon these points may prove useful for future investigators of this subject.

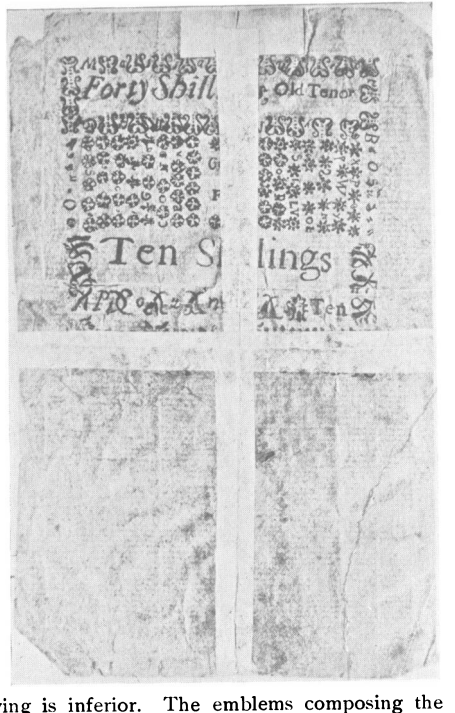
The collection of the Essex Institute at Salem contains a 5*s.* colony bill, bearing date December 10, 1690; a 1*s.* bill bearing date 1713; a 7*s.* New Hampshire merchants' note of 1734; 1*d.*, 3*d.* and 5*d.* bills of the emission of fractional currency in 1737; a 5*s.* bill of the Silver Bank of 1740; a 3*d.* bill of the Ipswich or Essex County land bank of 1741, and a 2*d.* bill of 1744.

The 5*s.* colony bill is the oldest bill that I have seen.[1] It happens that among the specimens of the early bills, especially those emitted prior to 1713, there are several which are either defective, altered, or counterfeit. They may have been taken from court

[1] Cf. Plate 1.

PLATE 16.





Bill for 10*s.*, 1744, apparently a counterfeit. The engraving is inferior. The emblems composing the border on the back are not uniform in size and shape. The legend as to silver value and gold rate cannot be traced in the border on the back of the bill. Size, 3¾ in. x 5½ in. Photographed by permission of the Massachusetts Historical Society.

files, or if they were found among private papers they probably owe their preservation to the fact that the owner had scruples about passing them. Although we have no other colony bill of this denomination with which to compare this 5*s.* bill in order to determine whether it belongs to this class, there is no reason to doubt its genuineness. The impression is evidently from the true 5*s.* plate of the first series and the signatures are not open to question.

The 1*s.* bill, printed from the designs adopted in 1713, and bearing date that year, was apparently emitted in 1740. Shilling bills of this series are to be found in each of the large collections mentioned above, and all of them were actually emitted at a much later date than 1713. The plate from which this particular bill was printed bears the following dates, in addition to the date in the text of the bill: 1714, 1718, 1719, 1721, 1722, 1723, 1726, 1727, 1731, 1735, 1736, 1738, and 1740.[1] It has only two signatures and there is no evidence that it ever had more. The old tenor bills originally were required to have three signatures of the committee. After 1714, four were required. Unless, therefore, there was some special relaxation from the rule imposed by the act of 1714, this bill was not entitled to circulate.

The 7*s.* bill of the New Hampshire merchants, emitted in 1734, is not, perhaps, entitled to specific recognition in a list which does not pretend to include emissions from other governments than Massachusetts Bay. New Hampshire was, however, at that time, under the same governor as Massachusetts Bay, and the steps then taken by the merchants of Portsmouth form a part of

[1] Cf. Plate 5.

the contemporaneous history of the experiments to supply a currency based upon private credit. The New Hampshire merchants' notes have therefore the same interest for us as the bills based upon private credit which were emitted in Connecticut and in Massachusetts Bay. The specimen in possession of the Essex Institute is in a good state of preservation.

The three bills, of the fractional currency of 1737, are the only representatives of this emission that I have met with. They were not actually needed in order to study the designs of the wood cuts prepared for the several denominations of this emission, for impressions evidently taken from the original wood cuts are preserved in contemporary publications of the act authorizing the emission. The currency itself is, of course, of much greater interest than the page of a law book.[1]

The 5*s.* bill of the silver bank in this collection is the only bill emitted by this company that I have met with. It is known, however, that other bills of this bank were in existence a few years ago and it is a fair presumption that they have been carefully preserved to the present time.[2] This particular specimen is in good condition.

The same cannot be said of the bill of the Ipswich, or Essex County land bank, of 1741. This is badly mutilated, and although every effort has been made to repair the damage which it has suffered, it is still in wretched condition.[3]

[1] They are also reproduced in the Acts and Res. Prov. Mass. Bay, vol. 2, pp. 884, 885. Cf. Plates 9 and 10.

[2] N. E. Hist. and Gen. Reg., 1860, pp. 263,4.

[3] Since this chapter was written a friend, Mr. Walter Deane, of Cambridge, brought me for inspection a 2*s.* bill of this bank, in a good state of preservation. It had been in his possession for a number of years, but he had never been able to ascertain just what it was. He

The bill for 2*d.*, of date of 1744, is in fair condition. If we were compelled to rely upon it for our knowledge of the bills of the third plate of this emission we could form a fairly good estimate of the style of engraving employed. Fortunately, however, there are other bills of this series elsewhere.

By far the largest and most valuable collection of this currency that I have examined is that of the Massachusetts Historical Society. It contains a colony bill bearing date February 3, 1690, purporting to be for 20*s.*;[1] a province bill dated November 21, 1702, purporting to be for 10*s.*;[2] two of the shilling bills of the 1713 series; a bill for 18*d.* of the same series; a 2*s.* bill of the same series; two 5*s.* bills of the same series; a 40*s.* bill of May, 1714;[3] a set of the parchment tokens, for 1*d.*, 2*d.*, and 3*d.*, emitted in June, 1722; two of the Boston merchants' notes of 1733, one for 1*s.*, 6*d.*, and one for 2*s.* 6*d.*; a New Hampshire merchants' note for 10*s.*, 1734; a first new tenor bill for 6*s.* 8*d.*, emitted February, 1736–37; a land bank or manufactory bill for 6*d.*, 1740; an Ipswich or Essex County land bank bill for 1*s.*, 1741; a 3*s.* bill of the second new tenor series, 1741–42;[4] and the following bills of the last tenor, 1744: three 2*d.*, one 4*d.*, two 6*d.*, one 9*d.*, one 1*s.*, one 5*s.*,[5] and one 10*s.*[6]

The oldest specimen in this collection is the colony bill bearing date February 3, 1690. The date is old style, and the bill was actually emitted a few weeks later than the one in the Essex Institute. It purports to be a twenty shilling bill, but the merest perfunctory

kindly left it with me in consideration of my interest in the subject. It is now in the Essex Institute.

[1] Cf. Plate 1.
[2] Cf. Plate 2.
[3] Cf. Plate 7.
[4] Cf. Plate 11.
[5] Cf. Plate 15.
[6] Cf. Plate 16.

examination will disclose the fact that it has been altered.[1] The signs of erasure are plainly visible upon its face, and the difference between the printer's ink used in the body of the bill and the writing ink employed for the purpose of making the changes involved in the alteration is plainly to be distinguished. Perhaps time has made this contrast more striking than it originally was. If the person who altered the denomination had performed his work more skilfully, and left no trace of his handiwork, he would still have been betrayed by the date of the bill, for we have in the archives a certificate over the signature of a clerk to the province treasurer, to the effect that there were no twenty shilling bills emitted bearing date February 3, 1690.[2] Through the same document we learn that many of the 2*s.* bills were altered to 10*s.*, while the 2*s.* 6*d.* bills were raised to 20*s.* A careful examination of the spacing of the bill now filled in with the letters inserted with pen and ink, shows that it must originally have been for 2*s.* 6*d.*

The bill in this collection bearing date November 21, 1702, and purporting to be a 10*s.* bill, is also an altered bill.[3] The impression can be easily identified through the script letters of the opening phrase "This Indented Bill," and the escutcheon and seal of England in the lower left hand corner, as that of the design which was adopted for the 5*s.* bill.[4] The only change made by the

[1] Cf. Plate 1.

[2] Mass. Arch., vol. 101, no. 240. This is quoted in Acts and Res. Prov. Mass. Bay, vol. 8, p. 289. The bill in question was pronounced to be an altered bill by Mr. Abner C. Goodell, at a meeting of the Massachusetts Historical Society, June, 1899. Proceedings of the Mass. Hist. Soc., vol. 13, second series, p. 148, note.

[3] Cf. Plate 2.

[4] What that was we know with certainty from the impression from the middle plate preserved in the Mass. Arch., vol. 101, no. 360. See Plate 3.

person who altered the bill was to substitute "ten" for "five" on the text in one place, and put a "10" in place of the "5" at the top of the bill where the denomination was designated in Arabic numerals. The work was rudely performed and the bill as it appears to-day would naturally arouse suspicion. The lack of skill of the person who made these alterations, is, however, far less conspicuous than it would be if the bill were in better condition. It is, as a matter of fact, badly worn and discolored, and has at some time been reinforced by paper pasted on its back. The number and extent of its injuries and defects may have aided its currency.

Of the two 12*d.* or shilling bills of 1713, nothing special need be said. They have all the characteristics of the bill which was described in connection with the Essex Institute.

The bill of the same series for 18*d.* is in good condition except that it is very brown. The indent has been trimmed off.

The 2*s.* bill of 1713 is also quite brown, and the delicate pattern of the scroll work on the back is consequently difficult to distinguish. The second signature on the bill, which was written with red ink, has almost disappeared. The indent of this bill has also been trimmed off.

The most interesting thing in connection with the five shilling bills of 1713, is the pattern on the back, and this is much better defined on the bill in the Harvard collection than on either of these specimens.

The 40*s.* bill of 1714 is badly discolored, and much reduced in size by wear and tear.[1] It is, in fact, in four parts, and the edges of each part are frayed. Nothwith-

[1] Cf. Plate 7.

standing the dilapidated condition of the bill, there is enough of it left to determine all the essential particulars as to the designs prepared in 1714 for bills of this denomination. It is the oldest specimen from this set of plates with which I have met. The plate was used in 1716, 1718, 1721, and once thereafter, probably 1722 or 1723, but the date cannot be positively identified. The pattern on the back is quite elaborate.

The set of parchment tokens emitted in 1722 for small change is, of course, interesting, but there is nothing about them requiring special mention in this connection.

The two merchants' notes of 1733 are of especial interest, not only because the success of a bill drawn payable in a specific weight of coined silver furnished an example, of which the province afterwards availed itself in the new tenor bills, but also because each of those notes was made payable on its face in fractional parts, at three distinct periods. This involved the idea of twice calling in each of the outstanding notes, paying off a specified fraction of the amount which it represented, and emitting a new note for the unpaid portion. This cumbrous system was to close with the payment of the last fraction in December, 1743. The engraving of the notes is excellent and they are in good condition.

The New Hampshire merchants' note of 1734, has the same claim upon our attention as the one in the Essex Institute. The denomination being for 10*s.*, it adds a new example of the engraved designs for these notes.

The first new tenor bill for 6*s.* 8*d.* or 80*d.* is well preserved. It is the only specimen of this emission with which I have met.[1]

The 6*d.* manufactory bill, as it is termed on its face,

[1] Cf. Plate 8.

or the bill of the Land Bank of 1740, to give it a title by which it will be more readily recognized, is in excellent condition. Apparently it fell into the hands of some person who realized that it would sometime become an object of interest, for it bears upon its back the following endorsement: "A Land Bank bill reserved, as a specimen of y^e^ mad humour among many of y^e^ people of this province, 1740." The engraving of the plate is creditable.

The bill of the Ipswich or Essex County land bank is in good condition, and the work of the engraver is of excellent quality. The bill has been injured by the manner in which it has been cancelled. Each of the four signatures which it bears has been so effectively crossed out that the underlying names are illegible. This bill is for one shilling and is numbered 739,568. It seems hardly probable that a company of which so little is known could have emitted so large a sum as would be indicated by this high number.

The 3*s.* province bill of the 1742 series is fortunately in good condition and furnishes an excellent example of the high order of skill secured for engraving the plates. It is the only specimen of the bills actually emitted in 1742 that I have seen.[1]

The 10*s.* bill of 1744 is dirty and not in the best of condition.[2] Perhaps this was intentionally brought about to conceal its defects, for the rudeness of the engraving and the wretched character of the printing on the back, readily lead to the conclusion that the bill is a counterfeit. The design may be accepted, however, as probably the one employed for the 10*s.* bills of the 1742 and 1744 emissions.

[1] Cf. Plate 11.
[2] Cf. Plate 16.

The 5*s.* bill of 1744 is in fairly good condition and is well worthy of study for the great skill shown by the engraver.[1]

The several specimens of bills from the third plate of the 1744 series furnish an excellent opportunity for studying the skill with which the engraver varied his designs in this series, while preserving at the same time the general features characteristic of the series. It will be noted, however, that the bill for nine pence was originally designed for two shillings and was ordered to be altered January 14, 1742–43.[2]

The collection of bills in the library of Harvard University, contains a 1*s.* bill of 1713; a 5*s.* bill of the same series;[3] a bill for 18*d.* of the same series;[4] a set of the parchment tokens for 1*d.*, 2*d.*, and 3*d.*, 1722;[5] a 2*d.* and a 6*d.* of 1744, and a bill for a twenty-fourth of a dollar, or three pence, emitted in 1750.[6] After what has already been said, the only bills in this collection which call for special mention are the 5*s.* and the twenty-fourth of a dollar. The former is interesting on account of the perfect condition of the elaborate pattern printed upon the back of the bill. The latter is a representative of the short-lived series put forth in 1750, during the proceedings connected with the resumption of specie payments.

The collection in the Lenox Library contains a 40*s.* bill dated 1708;[7] a 20*s.* bill dated 1710;[8] a 1*s.* bill of

[1] Cf. Plate 15.
[2] Acts and Res. Prov. Mass. Bay, vol. 3, p. 68.
[3] Cf. Plate 5.
[4] Cf. Plate 6.
[5] Cf. Plate 7.
[6] Cf. Plate 17.
[7] Cf. Plate 4.
[8] Cf. Plate 4.

the 1713 series;[1] an Ipswich or Essex County land bank bill for 2*s.*, and the following bills dated 1744: 1*s.*, 9*d.*, 6*d.*, 4*d.*, and 2*d.*[2]

The 40*s.* bill of 1708, and the 20*s.* bill of 1710, are both interesting because they have the red monogram printed across the face. The erasure of some word written in ink at some time between the two upper signatures of the 40*s.* bill, raises a doubt as to the genuineness of the signatures. The printed bill, if not genuine, is certainly quite up to the standard of other contemporary bills which we recognize as impressed from the true plates.

The 20*s.* bill, although it bears date 1710, must represent one of the designs prepared in 1702. It differs materially from the 20*s.* bill, on the middle plate of which we have an impression in the Massachusetts Archives. In the "Act for exchanging the Twenty Shilling Bills of Credit," passed in 1710,[3] it is stated that the "variances" between the different 20*s.* bills were "small" and "not obvious without curious inspection." If we assume that the specimen in the Lenox Library is genuine, of which there seems to be no reasonable doubt, any person who may compare this bill with the 20*s.* bill of the middle plate will conclude that not much inspection was required to discover that the two were not impressed from the same plate.[4] The opening phrase, "This Indented Bill," is in Roman capitals in one bill, and in script in the other. This was one of the places selected by the engravers for distinctive features for the different denominations. The bill which we are con-

[1] Cf. Plate 5.

[2] Cf. Plates 12–14.

[3] Acts and Res. Prov. Mass. Bay, vol. 1, p. 666.

[4] Compare the 20*s.* bill on Plate 4 with the 20*s* bill on the middle plate, upper right hand corner, Plate 3.

sidering has one other peculiarity, which adds to its interest. The scroll work on the top of the back is printed in red ink.

The impression from the middle plate of the 1702 series of bills which was prepared by the committee to illustrate the effect of the proposed red scroll across the face of the bills may be seen in the Massachusetts Archives.[1] It has been already fully described.[2] It has especial interest for the student not only because we have here the designs and the lettering prepared for four of the bills of this series, but also because it reveals the manner in which they were arranged upon the plates, and shows how the indented stub must have appeared after the bills were cut off. The fragment of a bill referred to as in the same collection, was a small piece of a 20*s.* bill. It has no mark or sign to indicate the denomination, but is attached to a draft of a resolve, dated in 1704, authorizing the treasurer to exchange the fragment for a 20*s.* bill. Comparison with the 20*s.* bill on the middle plate shows that it was not impressed from that plate.[3] As far as it goes it gives a clue to the lettering of one of the 20*s.* bills on the upper or high plate.

The collection of the late Hon. Mellen Chamberlain now at the Boston Public Library, is a marvel, not only on account of its great extent, but also for the care and skill with which the specimens are mounted. The bill which was shown to me by Judge Chamberlain, purported to be a 40*s.* bill of the 1702 series.[4] Comparison with the impression from the middle plate in the ar-

[1] Mass. Arch., vol. 101, no. 360; cf. Plate 3.

[2] Cf. p. 281.

[3] Mass. Arch., vol. 101, no. 275. Acts and Res. Prov. Mass. Bay, vol. 8, p. 93.

[4] Cf. Plate 2.

chives [1] shows that the province seal and the lettering of the bill correspond with those of the 5*s.* bill of that plate, with the exception of the figures and letters which indicate the denomination. These plainly show the work of pen and ink substitution, and careful inspection will show that the work of erasure and change, only partially accomplished, still permits the original letters of the denomination, and the figure 5 to be traced. It would seem as if the 5*s.* bill of this series must have been particularly susceptible of alteration. We have already seen that beside the altered bill just described, there is one raised to 10*s.* in the cabinet of the Massachusetts Historical Society.[2] Another of these raised 5*s.* 1702 bills has been found in the Chamberlain collection. This time the altered denomination is 50*s.* A third in the same collection has been raised from 5*s.* to 40*s.* This last bill belongs to the series issued in 1708, with the date altered from 1702 to that year, and having across its face the red monogram composed of the letters A.R. Mr. Trumbull, in his First Essays at Banking in New England, says, that the monogram which was used on the Connecticut bills was more elaborate than that on the Massachusetts bills. There is in the Chamberlain collection, a Connecticut bill bearing this monogram on its face.[3] In the Massachusetts bill the letters of the monogram are delineated in skeleton, all the parts of the letters being made up of two parallel lines separated from each other about one-sixteenth of an inch. In the Connecticut bill the parallel lines are used for the letters in the monogram, but a third line is introduced equidistant between them. This makes the monogram

[1] Cf. Plate 3.
[2] Cf. Plate 2.
[3] Cf. Plate 18.

much more pronounced and a far more conspicuous feature in the bill. The specimen in the Chamberlain collection was a three shilling Connecticut bill of 1709. The Arabic numerals now read 30*s.*, while the text of the bill remains three shillings.

The American Antiquarian Society has in its collection only two of these bills, a 3*d.*, emitted probably in 1743,[1] and a 2*d.* of 1744. It has already been mentioned that the first of these bills is of special interest because the designs upon the plate prepared in 1742 for the 8*d.* bill were in 1743 made use of for a 3*d.* bill. This Society has also an unsigned Ipswich land bank bill.

The New London Society United for Trade and Commerce, is of at least equal interest to us with the New Hampshire company. Perhaps it is entitled to even higher consideration, since it was the first experiment actually made in New England to emit a currency based upon private credit. The Connecticut Historical Society has in its collection a 5*s.* bill emitted in 1732 by the New London Society. The specimen has seen hard usage, but the main features of the bill are fairly well preserved.

Mr. William S. Appleton, of Boston, has a 6*d.* manufactory bill in his collection.[2] It is not quite so perfect as the specimen in the cabinet of the Massachusetts Historical Society, and unfortunately is of the same denomination.

Mr. Nathaniel Paine, of Worcester, has a 1750 bill for one-twelfth of a dollar or six pence.[3] It has but one signature and bears but little resemblance to the bill of the same series in the library of Harvard University.

[1] Cf. Plate 12.
[2] Cf. Plate 10.
[3] Cf. Plate 17.

The special examination heretofore made of the engraved plates brought forth a number of points which are of interest beside the mere designs adopted for the different denominations, and in addition to the peculiar features of the several series. Among these will be recognized the latitude taken by the different engravers in the ornamental work at the top of the shilling bill of 1713; the differences in the 20*s.* bill of 1702, and the use made by the committees for signing bills of different colored ink. Investigations of points like these depend for their elaboration upon the inspection of a number of different plates, and can only be successfully prosecuted by the study of accessible specimens wherever they may be. Other questions than those which have been discussed in this work, will doubtless arise. Perhaps other collections of these bills may turn up. Whether this be so or not, the above lists of the bills to be found in the collections mentioned will furnish a starting point for the student in determining where he will be able to carry on his work.

CHAPTER XVII.

THE EMISSIONS OF THE NEIGHBORING GOVERNMENTS. NEW HAMPSHIRE.

No just interpretation of the movement in the price of silver, when measured in the paper currency of New England, 1710 to 1750, can possibly be made unless consideration be had of the course taken in regard to the emission of bills of public credit by each of the governments which then composed this region. It is not essential that we should make the same minute survey of the field covered by the legislation of the neighboring governments, that has been had of that which comprises the work of the assembly of the province of the Massachusetts Bay, but we are compelled to examine it if we would know where the responsibility rests for the rise in silver which took place between 1725 and 1745. This, as we have seen, was not only disproportionate to, but even in opposition to, the changes in amount of the bills issued by the Massachusetts Bay and outstanding during this period.

Dr. Douglass, in 1739, stated that the paper currency of the four New England colonies was promiscuously the same.[1] This was written before the complications were introduced through the different forms adopted for the new tenor notes, by means of which bills of the same denominations circulated at different values, and practically means that no matter what the circumstances were under which the bills were issued, or by what govern-

[1] A discourse concerning the currencies of the British plantations in America. p. 9–1. In the pagination of this pamphlet the numbers 9 and 10 are repeated. This is page 9–1.

ment, they circulated side by side, upon an equality, provided the forms were identical.[1]

We have already seen that they were not entitled to do so if intelligent discrimination had been applied to the conditions under which the emissions were made by the different governments, but there is abundant evidence that within the limitation above given, viz.: that the forms of the bills should be identical, this was practically the case.[2]

New Hampshire alone among the other governments of New England was placed under the same restraints in regard to the issue of bills as those imposed upon the province of the Massachusetts Bay; but the influence of her public bills was for many years too feeble to be entitled to any extended investigation. Dr. Douglass, in his "Discourse concerning the Currencies, etc.,"[3] disposes

[1] This proviso must be borne in mind. The same author writing two years later said: "We have in Massachusetts public bills of four provinces at 29*s.* an oz. of silver, new tenor of Massachusetts at 6*s.* 8*d.*, but current at 9*s.* 8*d.* oz. of silver, Connecticut new tenor at 8*s.*, and Rhode Island new tenor at 6*s.* 9*d.* * * " From this it may be inferred that all the old tenor bills of the several governments, being alike in form, circulated at the same value; but the new tenor bills, having different ratings for the value of the ounce of silver expressed therein, circulated at their respective ratings, with the exception that the Massachusetts bills were at a discount of about 31 per cent.

[2] In 1752, Roger Sherman, under the pseudonym of Philoeunomos, published a pamphlet of which the only copy known to have survived is in the hands of Hon. G. F. Hoar. A typewritten copy of this was in the Bancroft Library and is now in the Lenox Library. I am indebted to Mr. Wilberforce Eames for a manuscript copy of the pamphlet. The author says on page 3, that some people "are inclined to think that bills of credit on the neighboring governments ought to be a legal tender in payments in this colony for all debts due by book and otherwise where there is no special contract * * ." Again, on page 4, he says: "The debtor says that bills of credit on the neighboring governments have for many years passed promiscuously with bills of credit on this colony as money in all payments (except special contracts) * * ."

[3] In the pagination of this pamphlet the numbers 9 and 10 are repeated. This is page 9–1.

of this province in the following words: "New Hampshire (too diminutive for a separate province, of small trade and credit) their public bills are so much counterfeited they scarce obtain a currency, hence it is (the governor's instruction is also a bar), that at present their outstanding bills of public credit, some on funds of taxes, some on loan, do not exceed £12,000, gradually to be cancelled by December, 1742. Their ordinary charge of government is about £1,500 New England currency per annum." The same writer estimated the annual expenses of the province of the Massachusetts Bay at that time at £40,000 New England currency. New Hampshire, apparently, had at that time eight times the amount of the annual expenses of her government outstanding in public bills, and Massachusetts had out at the same time a little over seven times the amount above stated as the annual expense of her government. Preponderant as was the influence of the more important province, the emissions of the smaller government became at a later date of enough importance to contribute perceptibly towards the depreciation of the currency. Shirley writing in 1743, and referring probably to an emission of £25,000, new tenor, then pending, said: "The exchange between this province and London will, I expect, upon the present New Hampshire emission rise twenty or thirty per cent higher." This condition of affairs had only been reached by slow and, at the outset, reluctant footsteps. The disadvantages under which the province of New Hampshire labored in its financial affairs are illustrated by the report of the treasurer to the council in 1705, at a time when the amount annually allowed the governor did not exceed £100, to the effect that "the money in specie received in the Treasury did not amount to the Governor's salary." [1]

[1] New Hampshire Provincial Papers, vol. 3, p. 318.

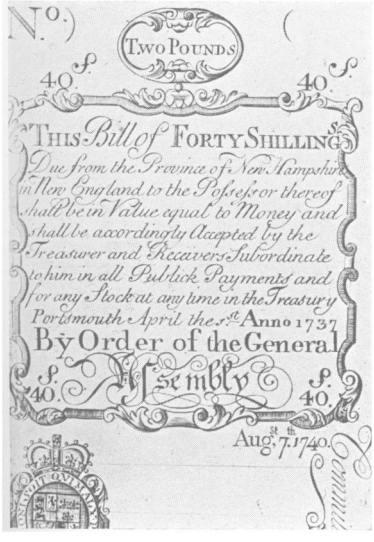
Plate 17.

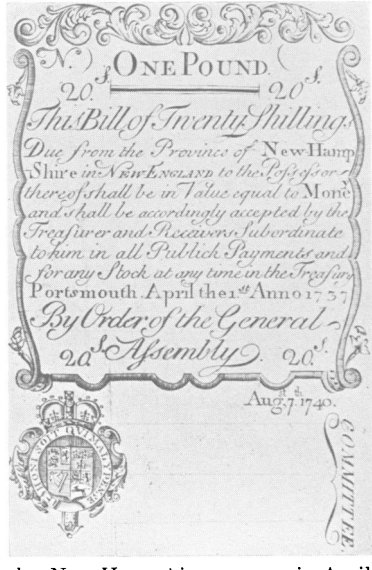


6d., 1750. Photographed by permission of the owner, Mr. Nathaniel Paine of Worcester, Mass. Size, 3¼ in. x 2 in.



3d., 1750. Photographed by permission of the Library of Harvard University. Size, 3¼ in. x 2 in.





Impressions from the plate prepared for the New Hampshire currency in April, 1737, and again used in August, 1740. Photographed by permission of the Essex Institute.

Towards the end of 1709, the government found itself compelled to resort to paper money, but, even then, the first thought of the assembly was that it would be better to borrow from the province of the Massachusetts Bay than to risk their own credit. A committee was sent to Boston to obtain leave of the government there to impress and perfect four thousand pounds in bills and to sign the same, "unless," as the resolve conferring this authority went on to say, "which we rather desire, they can obtain of the government of the Massachusetts to lend us the said sum of four thousand pounds of their bills, and take security upon our fund * *."

The aid of the printing press having thus been invoked for the purpose of meeting the debts of the province, the career of New Hampshire was in close imitation of its more powerful neighbor. A five per cent. allowance on public bills, when received by the treasurer, was sometimes allowed, but the policy of the province in this respect was changeable.[1]

The manner in which alternative authority to print or borrow was conferred upon the committee having in charge the preparation of the first emission of public bills will, perhaps, explain the absence from the records of the form of the bill. The committee adopted the same phraseology as that which was in use in Massachusetts. For some reason there was an apparent necessity for printing in advance a supply of bills for future emissions, and we find that many of the original resolves or votes of the assembly bearing upon the emission of public bills were simply orders to print. The printing having been accomplished, the bills were stored in blank

[1] Allowed 1710, New Hampshire Provincial Papers, vol. 3, p. 430; abandoned 1711, *Ibid.*, 474; restored 1714, *Ibid.*, 564; abandoned 1725, *Ibid.*, vol. 4, 175.

sheets in the "province box,"[1] whence they were withdrawn, signed and issued from time to time. It was, of course, desirable under these circumstances to reissue or, as they termed it, "repeat" the bills and keep them in circulation as long as possible. Dudley said to the assembly, October 8, 1711: "I must desire you to enable the treasury, by repeating and further impressing so many bills, if you choose that way, as will pay the province debts."[2]

We find that the bills of the first emission were afterwards spoken of as "the cypher bills,"[3] "the old cyphered bills,"[4] or as "the cyphered bills of the first impression on the province."[5] This title was doubtless based upon some feature in the engraving, for we find another set of bills designated as "the old red figured bills."[6] The plates were put in the custody of a keeper designated by the assembly.[7]

We have seen what Douglass said about the bills being counterfeited. By statute passed at the May ses-

[1] Sept. 1, 1747, a committee was appointed "to count the blank sheets now in the hands of the committee for imprinting the £60,000, and put them into the province box, taking a receipt therefor, of the persons that have the keys of said box." New Hampshire Provincal Papers, vol. 5, p. 530. This committee reported September 3, "We have received from the said committee three hundred and thirty-five sheets blank of the great plate. We have examined the box and find there one hundred and sixty-seven sheets of the small plate and eighteen sheets of the large plate all blanks * * * ." New Hampshire Provincial Papers, p. 533, note.

[2] *Ibid.*, vol. 3, p. 501.

[3] *Ibid.*, vol. 4, p. 228.

[4] *Ibid.*, pp. 296 and 299.

[5] *Ibid.*, p. 519.

[6] *Ibid.*, p. 415.

[7] May 11, 1722, it was ordered that the plates for impressing the bills of credit be left in the hands of Mr. Speaker Pierce. New Hampshire Provincial Papers, vol. 4, p. 318. April 30, 1726, they were ordered to be delivered for safe keeping to Col. John Plaisted, from whom they had been taken. *Ibid.*, vol. 4, pp. 217 and 427.

sion, 1711, a penalty of double the value of the counterfeited bill was laid for this offence.[1] In the 12th of George II, (covering parts of 1738 and 1739) the penalty was changed to death without the benefit of the clergy.[2]

Apparently, the treasurer permitted tax collectors to make their remittances in any of the public bills current in the province. As a result of this practice, some difficulty was experienced in retiring the province bills under the funds provided for that purpose. May 12, 1714, it was naively remarked that the burning of the bills of the other governments then in the hands of the treasurer would not answer the fund of this province, and to avoid charges which might arise from changing them into New Hampshire bills, it was voted to loan the bills of these governments then in the treasury to persons who would oblige themselves to repay the province in New Hampshire bills. This process was resorted to from time to time, and ultimately caused much trouble.[3]

The assembly, when it was inconvenient to levy a tax for the retirement of bills in accordance with the fund established at the time of the emission, exercised its discretion in the matter and suspended payment.[4] January 24, 1716–17, the general policy of lending the bills of public credit by the province was inaugurated.[5] £10,000 were

[1] Acts and laws of His Majesty's Province of New Hampshire in New England, etc., etc. Portsmouth, 1771, pp. 33, 34.

[2] *Ibid.*, pp. 171, 172.

[3] January 23, 1733–34, the governor announced that the Lords of Trade had refused consent to an emission of £6,000, the amount which the province was permitted to issue for annual expenditures, because a loan of £1,730, on which only 2½ per cent. interest was charged, had been out for nearly twenty years. New Hampshire Provincial Papers, vol. 4, pp. 666, 667.

[4] *Ibid.*, vol. 3, p. 644.

[5] *Ibid.*, p. 671.

then lent for twenty years, principal and interest to be adjusted by payment annually of 5 per cent. May 18, 1717, £15,000 were let out for eleven years, the principal and interest to be adjusted by the payment of 10 per cent.[1] of the principal each year.[2] The same conflicts between the governor and the representatives prevailed in New Hampshire that we have found in Massachusetts. In March, 1732–33, the house proposed a loan of £20,000 for sixteen years, which the council unanimously rejected. The representatives then proposed to loan the same amount for eight years and to make the bills redeemable in silver. This also the board unanimously rejected. The house then fell back upon the proposition so often urged in Massachusetts, that they could see no other way of supplying the treasury.[3] The feelings of the representatives in regard to bills of public credit are sufficiently indicated in a vote of the house, January, 17, 1733–34, to make bills of credit a lawful tender for special contracts, and their disposition to use the power which was lodged in their hands through control of the supplies, was indicated by the statement that, inasmuch as his excellency had informed them that he could not postpone payment of the sums already emitted, nor emit any further sum unless it should be repaid be-

[1] The fact that at times the interest was provided for in the system of annual instalments in the New Hampshire loans, has occasioned some misapprehension on the part of investigators of this subject: See economic and social history of New England, 1620–1789, by William B. Weeden, vol. 2, pp. 476, 483. The History of New Hampshire, by Jeremy Belknap, Farmer's edition, pp. 185, 186.

[2] New Hampshire Provincial Papers, vol. 3, p. 688. This £15,000 loan was afterwards extended to 1729, *Ibid.*, vol. 4, 516 May 26, 1732, it was not half paid, *Ibid.*, vol. 4, 624; £7,000 was still outstanding in 1733, *Ibid.*, vol. 4, 644.

[3] New Hampshire Provincial Papers, vol. 4, pp. 635, 636, 638, 640, 641.

tween that time and the year 1742, which years were already saddled with as much as people could pay, they would suspend consideration of the question of supplies until the next spring session.[1] May 3, 1735, Governor Belcher, in a speech to the assembly, called attention to the notes emitted by the Portsmouth merchants, characterizing the scheme as "an unwarrantable attempt made by a set of private gentlemen to strike and issue paper notes or bills to pass in lieu of money." He added, "if the legislature are restrained by his Majesty's royal orders from a practice of this nature, any other way than may be for the necessary charge of the province, surely private persons ought not to presume upon it."[2] The house replied that they were not sensible wherein such an attempt was unwarrantable, unless some notorious fraud or cheat might be designed and discovered therein, inasmuch as they could not apprehend that his Majesty's royal instruction upon the head of province bills was ever intended to extend to negotiable notes amongst merchants and traders. They were not a little concerned to see his excellency's proclamation publishing an act of the province of Massachusetts against taking these notes prefaced thus: "least some unwary persons be imposed upon by the said notes or bills."[3] At a later date, May 17th, Belcher recurred to the subject. He regretted that instead of justifying the merchants' notes they had not passed a law against their circulation. Since coming into the province, several complaints had been made to him from some unwary people who had been imposed upon by these paper

[1] New Hampshire Provincial Papers, vol. 4, pp. 659, 664.
[2] *Ibid.*, p. 685.
[3] *Ibid.*, p. 688.

notes. Some of the principal founders and undertakers of the scheme had refused to give credit to their own notes. They would become a dead loss in the hands of persons who had parted with their substance for them, and thus doubtless would disclose to the world a notorious fraud. The Massachusetts act, he said, could not take away their value, if they had any, but could only confine their circulation to this province.[1]

In February, 1740–41, Belcher warned the assembly concerning the Massachusetts land bank notes, but the members of the house although not prepared to defend a scheme which had its origin and its operations in another province, nevertheless declined to accept the governor's conclusions. Not having the scheme before them, and many of them being unacquainted with it, they said it would be rash for them to act in the matter till they knew more about it.[2]

In some of the tax acts the treasurer was instructed to receive produce. Thus March 23, 1736–37, he was authorized to receive hemp, flax, and bar iron. Silver was rated in the act at 18*s.* per ounce.[3]

The course of the depreciation of the currency is indicated in an appeal made by Belcher to the assembly to protect him from loss through the effect of the depreciation of the public bills upon his salary. He furnishes therein a statement of the premium on silver from 1730–1739 inclusive. He says that in 1730 and 1731, it was 250; 1732, 270; 1733, 300; 1734–1739, 425.[4]

A new tenor bill was adopted in January, 1741–42,

[1] New Hampshire Provincial Papers, vol. 4, p. 697.

[2] *Ibid.*, vol. 5, p. 76.

[3] *Ibid.*, vol. 4, p. 724.

[4] *Ibid.*, vol. 5, p. 84.

which was to be equal to silver at 6*s.* 8*d.* per ounce and in which old tenor bills were rated in the proportion of four and two-tenths for one of the new, 6*s.* 8*d.* of the new bills being made equivalent to 28*s.* of the old in the payment of old debts.[1] The rule was changed February 19, and the treasurer was ordered to receive these bills in payment of taxes on the basis of one of the new for four of the old.[2] In the adjustment of debts, similar differences of opinion as to the rights and powers of the assembly were disclosed in the discussions, as have been found in our examination of affairs in Massachusetts. The right was reserved to the General Assembly to settle the value of the public bills once every year in the month of September, or October. In September, 1747, the representatives voted unanimously to set aside the last determination made by the judges of the superior court in March, and ordered them to adopt a determination made in February, 1742–43. This was too great a departure from the facts of the case for the council, who notified them that it was their duty under the act to ascertain the value of the bills. The next day the assembly voted to enforce the act which provided a penalty for passing the bills at a greater value than that at which they were emitted, and instructed the judges to enter up judgments in these bills at their expressed value in silver at 6*s.* 8*d.* an ounce.

A certificate was prepared December 31, 1739, showing the amount of the public bills issued by the province up to that date, and the amount then outstanding. From this it appears that the total emissions upon funds up to that time had been £56,384, of which there was

[1] New Hampshire Provincial Papers, vol. 5, p. 143.

[2] *Ibid.*, pp. 145 and 157.

then outstanding £10,576 16*s*. Of the £15,000 loan there was still upaid at that date £2,000. In addition, there was still outstanding a loan of £1,730, of which the Lords of Trade in 1734 said that it had been out near twenty years at only two and one-half per cent. interest. The total amount of the public bills then in circulation, according to this certificate amounted, therefore, to £14,306 16*s*. In 1743, £25,000 new tenor, equivalent practically to £100,000 old tenor, was loaned for ten years.[1] This was the loan which, according to Shirley, affected the rate of silver in Massachusetts. £13,000 new tenor, equal to £52,000 old tenor, were emitted in February, 1744–45, to meet the expenses of the Louisburg expedition.[2] This was followed by loans of £6,000 new tenor in June, and £8,000 in November of the same year, the retirement of which was carried forward to 1766, thus adding the equivalent of £56,000 old tenor to the circulation.[3] The last emission which concerns us in this discussion, was in response to a letter from the Duke of Newcastle, calling upon the province to furnish clothing, arms, etc., for an expedition against Canada, the expenditures to be repaid by General St. Clair. This was in June, 1746, and the amount emitted was £60,000.[4] If this was new tenor, as was probably the case, the circulation was thereby increased £240,000 in old tenor. In the wild confusion which then existed in the province of the Massachusetts Bay, the contributory effect of this last emission upon the rate of silver

[1] New Hampshire Provincial Papers, vol. 5, pp. 654, 672, 687. Belknap's History of New Hampshire, Farmer's Edition, p. 264.

[2] New Hampshire Provincial Papers, vol. 5, p. 296. Belknap's History of New Hampshire, Farmer's edition, p. 271.

[3] New Hampshire Provincial Papers, vol. 5, pp. 350, 354, 386.

[4] *Ibid.*, p. 432.

was, perhaps, not so perceptible as was that of the emission to which Shirley alluded, but it explains the necessity for including the New Hampshire bills, no longer insignificant in nominal amount, in the prohibition which was placed by Massachusetts upon the circulation of the bills of other governments.[1]

[1] The student will find an ingenious attempt to work out the contributions of New Hampshire to the currency of the period in chapter 122 of Colonial Issues, in Essays on the monetary history of the United States, by Charles J. Bullock, New York, 1900. The confusion of the New Hampshire Records is at times very great and the task of their analysis was proportionately increased.

CHAPTER XVIII.

THE EMISSIONS OF THE NEIGHBORING GOVERNMENTS. RHODE ISLAND.

Before attempting to analyze events connected with the paper money craze which at this time swept over Rhode Island, let us take a glance at the contemporary estimate of these occurrences. Dr. Douglass, after stating that in 1739, there was about £330,000 in the public bills of this colony then in circulation, all emitted upon loans, proceeded as follows: "The interest of these public loans defrays the charges of the government, and of their towns." In this lay the peril of the situation. No theorizing of the financiers could convince the assembly that it was unwise to maintain the government without taxation. No exercise of the power of disapproval on the part of the governor could, under the charter of this colony, check, and no appeal to the privy council could prevent, the passage of these loan acts. Owing to the supposed scarcity of currency created in Massachusetts and New Hampshire, by the disabilities as to the emission of paper money imposed by the privy council, the emissions of Rhode Island were welcomed there. The restraints upon emissions in Connecticut were voluntary and were based upon the reluctance of the government to participate indiscriminately in the general inflation. The supply of colony bills was supposed by many to be inadequate and there also the Rhode Island bills were welcomed. In thus contributing to the supposed needs of her neighbors, and at the same time deriving benefit from the loans through which this was effected, Rhode Island was unconscious of the harm that she was doing.

On the other hand, the other governments did not realize that through their weakness in thus permitting the wants of the inflationists to be supplied from outside sources, they were contributing to their own injury.

Douglass, however, saw this, and declaimed against it with his accustomed vigor: "I shall embrace this opportunity," he said, "of exemplifying the iniquity of the colony public bills of credit, by the instance of Rhode Island, a small colony containing about 18,000 souls, under an old charter, very lax and general; they admit no instructions from the King, Council, or Board of Trade and Plantations, the King having no representative or commissioned governor in this legislature. This handful of people have lately made a very profitable branch of trade and commerce by negotiating their own paper money in various shapes, their money being loans of paper credit called bills, from their government to private persons upon land security, to be repaid, not in the same real value, but in the same depreciating, fallacious denominations." The author then points out that a person who had managed to keep alive his debt to the colony through participation in the successive loans, had been placed, through the steady increase in the price of silver, in the position of being able each year to pay off his loan in paper having the same denominational value as that which he borrowed, but whose purchasing power had steadily declined. He sarcastically adds that if this could be supposed to continue the debt could be paid with nothing.

The successive loans of the colony, or banks as they were termed, were evidently sources of attraction to borrowers. Most of the later acts establishing them contain provisions requiring the commissioners who had charge of lending the money to give preference in the

distribution of the loans, to persons who had not participated in the previous banks. Douglass asserts that the borrowers were able to lend the bills at a rate of interest considerably in advance of that which they paid to the colony. "They who take up this loan money," he says, "are called sharers, and for the first ten years pay into the treasury, 5 per cent. per annum interest; and for the other ten years pay 10 per cent. per annum of the principal, without interest. The sharers let out this money, in their own and neighboring colonies at 10 per cent. for the said twenty years (some let it at a higher interest.) * * ."[1] Such being the case, it is easy to conceive that the rights to subscribe for these loans might have been very valuable to capitalists who knew how to improve their opportunities, and, on the other hand, the farmers and country people generally, not having immediate use for the bills, would have been ready to part with these rights for a compensation.

This state of affairs, according to Douglass, actually existed. "In another shape," he says, "upon a new emission, interest is made with the managers to obtain shares in the loan; the sharers immediately sell (or may sell) their privilege, as it is called, for ready money premium; at the emission A, 1738, the premium was £35 per cent, that is, the emission of £100,000 does immediately produce after the rate of £35,000 ready money profit."[2]

With this preliminary survey of the field of action in Rhode Island, which contains in outline all the material facts which we shall find, we are prepared to examine

[1] The author of Money the sinews of trade, etc., a pamphlet published about 1733, devotes several pages to the Rhode Island loans.

[2] A Discourse concerning the currencies of the British plantations in America, etc., pp. 10, 11, 12.

somewhat more in detail the characteristic features of these peculiar proceedings.

The first emission was for £5000, which was to be called in through taxation, in five annual collections of one thousand pounds each. It was alleged that the issue was made in consequence of an order having been received from her sacred majesty, Queen Anne, for an expedition to be prosecuted with speed against the French and Indian enemies, which by reason of the great scarcity and want of silver money, this colony, without some extraordinary means should be used for effecting the same, would be unable to perform. The form of note corresponded with the Massachusetts old tenor note and bore date August 16th, 1710. The hands of the believers in sound money are to be seen in the attempt to limit the time that the bills should be out, and in the clauses of the act which provide for calling them in. They were to be received and paid, for the same value and equal to current coin passed in the colony, for and during the space of five years ensuing the date of the act, and when called in, the possessor of such bills was to be reimbursed the sum mentioned in such bill or bills, in current money of said colony by the general treasurer thereof.[1] This probably means that if the taxes through which they were to be retired should be paid in coin, leaving the bills outstanding, then the colony would redeem the bills on the above terms.

In 1715, the first of the large loans was made. There were, during the course of the inflation, a few instances of special legislation providing for the lending of bills to individuals, one of which was prior to this date. These individual loans were, however, too insignificant

[1] Acts and Laws of Rhode Island, edition of 1744, p. 42.

in amount to compel consideration. Up to 1715, there had been several emissions for the current expenses of the colony, and the policy had been inaugurated of allowing five per cent. advance when payments were made in the public treasury. As it was found that the bills could be easily floated on loans, and the interest money received by the colony was adequate to meet current expenses, there was no longer any need for making this allowance. The total amount lent to the inhabitants of the colony in 1715, was £40,000. It was put out in two instalments, one of £30,000 July 5th, and one of £10,000 October 26th. The alleged causes for the loans were the extraordinary additional charges to the colony created by sundry expeditions for the reducing of Port Royal and Canada, which had brought the money and other mediums of exchange of the colony to a low ebb, and had caused trade to decay and business to languish. Fort Anne had gone to decay, and ammunition and stores were wanted. The gaol needed repairs and enlargement, and there were many other public emergencies. It was not stated how the lending of the public bills to borrowers would meet these exigencies, but as interest was to be received by the colony during the continuance of the loans, it is evident that this was what was relied on. The bills furnished by this emission ranged in denomination from £5 to 1*s.* and were to be lent for ten years at five per cent. interest. It was apparently the intention that five year mortgages should be given subject to a renewal for five years longer. Separate bonds were to be given for the interest money, one for the amount that would be due each year, five only being required when the loan was made.[1]

[1] Acts and Laws of Rhode Island, edition of 1744, pp. 54–58.

At the May session 1721, £40,000 were emitted by way of loan to supply the deficiency in the medium of exchange, and also on account of the speedy and very great repairs needed at Fort Anne. These bills were loaned for five years at five per cent, and for three months after they were offered, "no person that hired any of the former bills of credit" was eligible as a borrower. It was provided that the interest could be paid in hemp or flax at prices to be set, and one-half the interest money was to go for the support of the towns in the colony.[1]

Under the terms of the loans made in 1715 and 1721, the entire £80,000 should have been paid during the years 1725 and 1726. It is generally stated by writers on the subject of the currency that by an act passed in 1728 these loans were continued in force, and provision made for their payment in instalments, the last of which would become due in 1738.[2] It is true that an act of this general character was then passed, but the legislation which then took effect did not entirely cover the necessities of the case. Both loans were then past due, and if the terms of the original act had not been amended by intermediate legislation, the loans should before that date all have been paid. Reference is made in the preamble of the act of 1728 to an act in addition

[1] Acts and Laws of Rhode Island, edition of 1744, p. 84.

[2] In a petition of the inhabitants, in opposition to the continuance of the policy of emitting these loans, forwarded August 30, 1731, to George II, it is stated that the loans of 1715 and 1721 were extended in 1728, and no reference is made to any previous legislation. Records of the colony of Rhode Island, etc, vol. 4, p. 460.

Governor Ward, in a report to the Board of Trade in 1741, says that in 1725 the first £40,000 was continued until 1728 and then to be paid in ten annual instalments. He leaves the loan of 1721 to stand on its original basis. Records of the colony of Rhode Island, etc., vol. 5, p. 8, *et seq.*

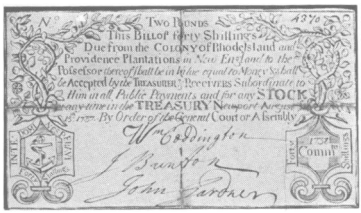
to the two acts of 1715, which is there said to have been passed on the 29th of December, 1724. The edition of the laws of Rhode Island published in 1730 gives the title of this act.[1] The colonial records also give this title, but the act itself is not given in either of these publications.[2]

Through the kindness of Mr. George Parker Winship, of Providence, I am able to supply the essential portions of the missing act. The amendments were effected by two acts, passed at the session of December 29, 1724, the first of which stated that the £40,000 emitted in 1715, were to be paid in 1725. If the said bills were paid then, there would be an absolute necessity of raising and emitting more bills, which would be a great charge to the colony. For this reason, it was enacted that those persons who had taken out the aforesaid bills should pay the same within ten years from and after the time of the aforesaid year, 1725, that is to say, one-fifth part in the year 1727, and one other fifth part in the year 1729, and to pay one-fifth part at every two years' end, until the same be wholly paid unto the colony's trustees. The money when repaid was to be apportioned to the several towns, and by them to be let out upon good land security for the term of five years to any of the inhabitants of the respective towns who had not had an opportunity to participate as borrowers in either of the two banks which had already been established. Bonds were to be given for the payment of the interest. As the principal would be subject to changes through the payment of instalments, provision was made in the act for the issue of these interest bonds upon a graduated scale, as follows: "Those persons

[1] Acts and Laws of Rhode Island, Newport, 1730, p. 135.

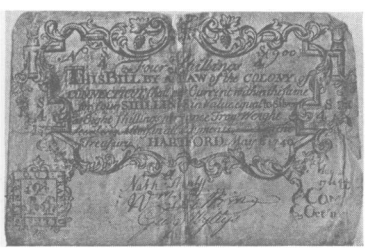
[2] Records of the Colony of Rhode Island, etc., vol. 4, p. 350.

Plate 18.

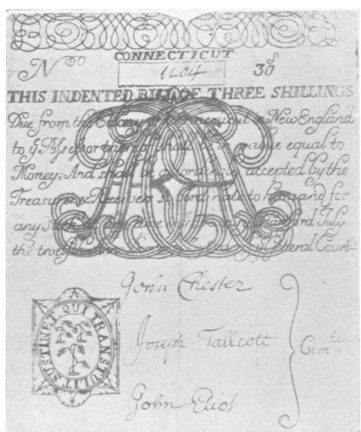




Rhode Island Bill for £2, emitted in 1737. Photographed by permission of the Essex Institute.



Connecticut Bill for 4*s*, emitted in 1740. Photographed by permission of the Massachusetts Historical Society.



3*s*. bill, Connecticut, 1709, bearing the red monogram. This bill is in the Chamberlain collection, Boston Public Library. The numerals designating the size of the bill have been altered to 30*s*. I am indebted to the courtesy of Mr. Worthington C. Ford for this photograph.

that have taken out these bills to give bonds for the payment of the whole interest of the bills they have hired for two years, and two bonds for the four-fifths remaining for the next two years, and so bonds for the annual payment of the interest for such part as is in their hands till the whole be paid, said bonds to be taken by the committees of each respective town to which they belong."

The second loan of £40,000 was treated at the same session in a somewhat similar way. It was alleged that it had been found by experience that the loan could not be called in at the prescribed time without unspeakable damage to the country. To avoid this it was enacted that borrowers might be permitted to have the use of the bills on interest for five years longer. Payments were to be made once in two years, if so desired by the borrowers, and the money when paid in was to be let out by the towns in the same manner as prescribed in the case of the other loan. The interest money to be derived from the extended term was to be applied in the same way as was directed in the original act.[1]

If this legislation had been permitted to stand its effect would have been to give the borrowers under the first bank the use of their money for just twice the length of time allotted to those who participated in the second bank; the loans under the first being for ten years and the payments by instalments covering ten years longer, while those under the second were for five and five.

The act of 1728, which has been referred to as the only one generally recognized as authority for the extension of these loans, contained in its preamble the assertion

[1] This act is given by title in the Acts and Laws of Rhode Island, Newport, 1730, p. 135.

that the amendatory act of 1724 ordered and directed the £40,000, being the first bank emitted in Rhode Island,[1] to be called in out of the hands of the persons entrusted therewith and let out to others. The assembly had, however, concluded that it was better for the honor and integrity of the government not to keep out the bank longer than necessity required. It would also be of less prejudice to the currency. The payment of interest had exhausted the stock of the borrowers, and to demand the payment of the whole sum of the loan at one time would lead to the ruin and destruction of many families. It was, therefore, enacted that the act of December 29, 1724, should be repealed, that the loan should be continued three years,[2] under the same terms as those of the act by which it was created, after which it was not to be regarded as a loan, but was to be paid off in ten equal annual instalments, without interest; and for this purpose ten bonds were required. Provision was also made with reference to the interest bonds, the purpose of which was to see that interest was paid during the three years' extension. Taken by itself, the language of this provision is not intelligible, but when read in connection with previous legislation, its meaning is clear.[3]

The absurdity of the claim set forth in the preamble of this act of 1728, that the legislation in 1724 had been in the nature of calling in the loans and furnishing an opportunity to let the same bills out to others who had not participated in the first of the so-called banks, indicates some hidden motive. A person desirous of borrowing under the terms of that act, if the opportunity had not been offered him till the last payment under

[1] That of 1715.

[2] From the time it fell due.

[3] Acts and Laws of Rhode Island, edition of 1744, p. 103, *et seq.*

the terms of the act should have been made, might have been kept out of his five year loan until his predecessor had enjoyed the use of some of the bills that he had borrowed for twenty years. This is the extreme case in one direction, but if, on the other hand, he came in as a participator in 1727, on the first payment made under the act, then he had but a five year loan, as against the twelve year loan of the same money by his predecessor, who still had before him eight years in which to pay off the balance of the loan. Those who had participated in the second bank had enjoyed the benefits of the loans for only one half the time allowed their more fortunate neighbors, who borrowed bills under the first bank, while those who had not succeeded in obtaining loans under either of the earlier "banks" were evidently at a still greater disadvantage if this legislation was to stand, and as the market value of the privileges to which Douglass refers must have been measured by the length of the loans, it is plain that the wording of the act of 1724 was unfair, and that it required revision if there was to be any pretence of offering equal opportunities to the would be borrowers. One step towards accomplishing this was taken by offering a new loan upon equal terms with the old. By the repeal of the act of 1724, and the extension of the loan at interest for three years, the life of the first loan was extended to thirteen years, and the time in which the payments by instalments could be made ten years longer. The new loan of £40,000 offered under this act was to be let out primarily to those who had not enjoyed the benefits of the former loans, and the loans were to be made for thirteen years. For three months no person who had participated in either of the previous loans was eligible as a subscriber to this. The provisions for interest during the life of the

loan, and for payment by ten equal annual instalments after the expiration of the thirteen years were similar to those made with regard to the loan in the former act.[1] It will, perhaps, be suspected that this result must have been brought about by pressure upon the assembly on the part of those who were dissatisfied with the act of 1724, and that the gentle gloss put upon the facts of the case as stated in the preamble was not expected to deceive those who secured the repeal of the former act and the new emission for loans, on an equality with the first of that character.

As a result of this legislation the participators in the second £40,000 bank were still at a disadvantage, but in June of the same year the final step towards equalizing the opportunities of the borrowers was taken by putting this bank upon precisely the same plane with the others, that is to say, it was to remain out for thirteen years and then to be sunk in the same manner as the others. It was through this intricate process that the borrowers in the three "banks" then in existence were put upon an equality as to the length of time afforded for the advantageous use of these credits.[2] In June, 1731, special provision was made for the new interest bonds required by this extension and for the execution of the bonds needed to carry out the payment by instalments.[3]

A new loan of £60,000 was made in June, 1731. It was conceived that a bounty for the encouragement of the hempen manufactory and of the whale and cod fishery would be of great advantage and benefit to Great

[1] This was not provided for in the original act, but by additional legislation in June. Acts and Laws of Rhode Island, edition of 1744, p. 111.

[2] *Ibid.*, p. 111.

[3] *Ibid.*, p. 164.

Britain. Persons who had not already borrowed from any of the "banks" were first to be served. The loan was to be for ten years and the interest was to be for the use of the colony. Payment was to be made after the ten years, in ten equal annual instalments.[1]

The governor attempted to restrain this emission by withholding his consent from the act; but the assembly treated his dissent with disdain and August 3rd, 1731, set forth their reasons for considering it of no effect.[2] The governor appealed to the King, but the opinion which was afterwards transmitted by the attorney general and solicitor general could have given him little comfort

In July, 1733, £104,000 were emitted, of which £100,000 were loaned. Fort George was weak and lacked arms and ammunition. £4000 of this emission were to be used to procure these, and the bills were to be withdrawn through the interest payments of the second and third years, on the loan simultaneously emitted. The whale and cod fishery needed promoting and a pier at Block Island would be very convenient. The loan was for ten years at five per cent., and was then payable in ten instalments.[4] In August, 1738, a new loan of £100,000 was made, the essential features of which were in all respects like those of 1733. The alleged causes for the emission were that the "first bank" had almost expired, and nearly one-half of the second. There was an absolute necessity of increasing the medium of exchange. The Colony House at Newport was

[1] Acts and Laws of Rhode Island, edition of 1744, pp. 158–162 and p. 166.

[2] Records of the Colony of Rhode Island, vol. 4, p. 456.

[3] *Ibid.*, pp. 459, 461.

[4] Acts and Laws of Rhode Island, edition of 1744, p. 172.

out of repair. A light-house was needed at Beaver Tail. Bounties ought to be offered for the fishery and for hemp.[1]

Meantime, the colony had gone through the same experiences in the division of the bills for making change, as had obtained in the other governments, and had also in a similar way sought to prevent the evil by penal legislation.[2] In 1737 and 1738 the torn bills were called in.[3] Penalties were provided for counterfeiting the bills of any of the New England governments;[4] but even after this, wicked persons engraved plates and uttered forged bills.[5] The trouble connected with the adjustment of debts had been partially provided for by giving the judges of the superior and inferior courts power, in entering up judgment upon any bond or other specialty, conditioned for the payment of money, to chancer down such instrument to the just damages.[6] When the loans of the first bank were extended, many mortgagors neglected to execute the new bonds required by the act, and an attempt was made to cure this evil by passing an act requiring the grand committee to sue the mortgages of such as failed in this regard.[7] Difficulty was experienced in collecting interest upon the mortgages. No other security was taken for the interest money than the personal bonds of the mortgagors. If, after a sale of mortgaged property was made, the vendor moved out of the colony there was no way in which this interest could be collected.[8] To protect the

[1] Acts and Laws of Rhode Island, edition of 1744, p. 211.
[2] *Ibid.*, p. 92; edition of 1730, p. 133.
[3] *Ibid.*, pp. 197, 207.
[4] Records of the Colony of Rhode Island, vol. 4, p. 117.
[5] Acts and Laws of Rhode Island, edition of 1744, p. 98.
[6] *Ibid.*, p. 134.
[7] *Ibid.*, p. 181.
[8] *Ibid.*, p. 206.

colony against losses arising from this cause, it was enacted, in 1738, that the mortgages should be good and valid to secure the interest as well as the principal.[1]

There can be no doubt that during all these proceedings there was a strong minority in Rhode Island which was in thorough opposition to them. The opponents of the paper currency were, however, so utterly incapable of coping with the situation that, from the days of the first emission, when a feeble attempt was made to provide for a possible redemption in coin of such of the bills as might be outstanding after the taxes for calling them in had been collected, they put forth no efforts of consequence until 1731, when the governor came to their assistance. The various petitions and addresses then sent to England are given in the colonial records.[2] Members of the assembly, however, notwithstanding the inefficacy of the proceeding, filed written protests against the emissions in February, 1743–44.[3]

It was evidently hoped, in 1731, that if the governor's power to disapprove such bills were sustained, the colony might be brought into line with Massachusetts, under instructions similar to those issued to Belcher. The opinion of the attorney general shattered this hope, and from that time forward the opponents of the banks were compelled to let matters drift until parliament should intervene.

Meantime, silver had, before 1740, reached 27*s.* in old tenor, and the new and old tenor bills of the province of the Massachusetts Bay, even though of the same denomination, were circulating at different values. Rhode Island followed the example of Massachusetts and issued a new tenor bill. The act under which this was accomplished

[1] Acts and Laws of Rhode Island, edition 1744, p. 218.

[2] Records of the Colony of Rhode Island, vol. 4, p. 457, *et seq.*

[3] *Ibid.*, vol. 5, p. 75.

provided for the emission of £20,000 on loans in the new form, and £10,000 for present emergencies of the old tenor. The alleged causes for the issue were that the colony was obliged to send two companies of soldiers against the Spaniards, and was compelled to maintain a private vessel of war to cruise off the coast of New England. The new notes were to be equivalent to silver rated at nine shillings an ounce. The loans were to be for ten years, to be paid in ten equal annual payments and the interest was to be at the rate of four per cent. The bonds for interest were merely issued as collateral. The form of the bill to be emitted was as follows:

> This bill of due from the Colony of Rhode Island, etc., to the possessor thereof, shall be in value equal to oz. dwt. gr. in silver, Troy weight of Sterling Alloy or gold coin at the rate of £6 13*s.* 4*d.* per ounce, or to such a sum, in any medium of exchange as shall be passing in the Government, as will be equal to so much silver or gold; and shall be accordingly accepted by the Treasurer of said Colony, and the Receiver thereof, in all payments, by order of the General Assembly.
>
> Newport, September 16, 1740.[1]

On the second of December, 1740, the assembly announced that after the passage of the above act, instructions were received from the Lords Justices of Great Britain, to which the act did not seem to be in some parts exactly agreeable. It was, therefore, enacted, in compliance with the aforesaid instructions, that in lieu of the aforesaid £20,000 there should be emitted £20,000 equivalent to silver at 6*s.* 9*d.* per ounce or to gold of proportionate value. The loans were to be for ten years. The interest was to be at the rate of four per cent. and the mortgages were to be security for both principal and interest. The form of the new bill was as follows:

[1] Acts and Laws of Rhode Island, edition of 1744, pp. 226–229.

> This bill of due from the Colony of Rhode Island, etc., to the possessor thereof, shall be in value equal to oz. dwt. gr. in silver, Troy weight, of sterling alloy, or gold coin at the rate of five pounds per ounce; and shall be accordingly accepted by the Treasurer and the Receiver thereof, in all payments, by order of the General Assembly.
>
> Warwick, December 2, 1740.[1]

A provision in the first of these two acts that fees should be one-third as much in the new bills as they formerly were in bills of the old tenor, would indicate that it was the intention to rate their value as one of the new tenor for three of the old. In the second of these acts the same fees were made one quarter as much in the bills then emitted as in bills of old tenor,[2] and later it was enacted that 6*s.* 9*d.* in the new bills were equivalent to 27*s.* in old tenor, thus definitely placing them on the basis of one to four.[3]

At this stage of the emission, January 9, 1740–41, a report was made by Governor Ward to the Board of Trade showing the amounts of the several issues, the price of silver at the date of each issue and the value of each emission in sterling. According to this report there were then outstanding public bills of the denominational value of £340,000 equal in value to £88,074, 16*s.* 10¾*d.* sterling. If the last emission had been stated in terms of old tenor in the report the amount outstanding would have been £400,000, once and three quarters the amount then outstanding of the bills of the province of the Massachusetts Bay. One reason assigned by the governor for these large emissions was that "the province of Massachusetts Bay, having their hands so tied up that notwithstanding a great number of bills in

[1] Acts and Laws of Rhode Island, edition of 1744, pp. 230–232.

[2] *Ibid.*, p. 228 and p. 231.

[3] *Ibid.*, p. 237.

circulation among them, the merchants of Boston have been forced to emit a round sum of negotiable notes of hand to supply the want of money and prevent business from stagnation."[1]

In this report Governor Ward called attention to the fact that moderation on the part of Connecticut and restraints imposed upon Massachusetts and New Hampshire had not operated to preserve the bills of those governments from participating in the depreciation suffered by the bills of Rhode Island. Failing to recognize the true responsibility of his own government, whose bills, through the weakness of the neighboring governments, were permitted to work their full effects upon the situation, he sought for an explanation for the depreciation in the fact that the Boston merchants were obliged to purchase gold and silver. This, he added, "is the only true way of accounting for that misfortune; and what confirms it is that the colony of Connecticut have not, at this time, above £13,000 or £14,000 extant, in bills of credit, and yet it takes as much of their money to purchase an ounce of silver as it does of the Massachusetts, New Hampshire, or ours."[2]

The bills, which were to be equivalent to silver rated at 6*s.* 9*d.* an ounce, were known as the new tenor bills, and following the provisions of the act containing the rejected form for which they were substituted, were to be receivable "in all payments." Two thousand pounds were emitted in May, 1741,[3] and two thousand pounds in October of the same year.[4]

In consequence of the great expense of the war with

[1] Records of the Colony of Rhode Island, vol. 5, p. 11.

[2] *Ibid.*, p. 13.

[3] Acts and Laws of Rhode Island, edition of 1744, p. 238.

[4] *Ibid.*, p. 243.

Spain, the fear that there would be a war with France, and the fact that the four "banks" emitted in 1715, 1721, 1728, and 1731, were being annually sunk, thereby lessening the medium of exchange, £40,000 more in new tenor bills were, in February, 1743–44, loaned for ten years at 4 per cent. interest, one quarter of which was to go to the towns. The mortgages, which secured interest as well as principal (the bonds for the interest being merely collateral security), were then to be satisfied by ten equal annual payments.[1] These payments were to be made in the same bills, or in such other medium of exchange as should be passing in the colony at the time of payment, according to the value of said bills when emitted.

In February, 1744–45, £2,500 in new tenor bills were emitted on account of the Cape Breton expedition, and in September, 1745, £5,000 more of the same form.[2]

In June, 1746, £11,250 new tenor were emitted on account of the Canada expedition. These were to be called in by a fund covering the years 1750 to 1754, inclusive.[3] In February, 1746–47, £15,000 new tenor were emitted, and an equivalent fund for the retirement of these bills was provided by annual taxes of £10,000 old tenor each year, 1747 to 1752 inclusive.[4]

With this last emission our interest in the Rhode Island bills of public credit, so far as they affected the price of silver in the province of the Massachusetts Bay, necessarily ceases. It may, indeed, be thought

[1] Acts and Laws of Rhode Island, edition of 1744, pp. 271, 273.

[2] Acts and Laws of Rhode Island, edition of 1744, p. 298; Acts and Laws of His Majesty's Colony of Rhode Island, etc., 1745–1752, p. 1.

[3] Acts and Laws of his Majesty's Colony of Rhode Island, etc., 1745–1752, p. 11.

[4] *Ibid.*, p. 26.

that the contributory effect of the Rhode Island bills was not of much consequence after power was given to Shirley to emit bills to meet the expenses of his warlike expeditions. There are, however, some points connected with some of the later emissions which are worthy of being noted. March 18th, 1750–51 there was an emission authorized of £25,000 of a new form and tenor, to be used for "promoting the raising flax and wool and manufacturing the same into cloth, and also for giving a proper and suitable encouragement for the carrying on the whale and cod fishery." This act also included provisions "for settling and ascertaining the value" of the bills authorized to be emitted. It was alleged in the preamble of the act that the cause of the depreciation of the bills was owing to the indiscreet and illegal practice of giving for gold and silver and bills of exchange for sterling money, larger sums in bills of credit than the values stated for gold and silver in the respective acts of emission. This had worked injury and oppression and the gold and silver had thereby been drawn out of the colony. It was conceived to be of the highest importance that such evil practices should for the future be restrained.

The new bills were to be equal to silver at 6*s.* 9*d.* and gold at £5, 1*s.* 6*d.* an ounce, and every six shillings and nine pence of the new bills was to be equal to fifty-four shillings old tenor. They were to be lent on mortgage for five years at six per cent. and the loans were then to be paid in five equal annual instalments. The form was to be as follows:

> By a law of the Colony of Rhode Island, etc., made and pass'd the third Monday of March, A.D., 1750. This bill of due to the possessor thereof from the Colony, shall pass current and be equivalent to the respective proportions of silver and gold, as are regulated and stated

in said Act, and shall be accordingly accepted by the Treasurer of said Colony and the Receiver thereof, in all payments.

Providence, March the 18th, 1750.

Death to counterfeit this bill.

Any person who should pass one of these bills at a higher rate than was specified in the act could be tried and excluded from the freemen of the colony. £100 sterling was said to be worth £137, 10*s.* in the bills of the new form, or £275 in the bills known as new tenor, or £1,100 in old tenor. An ounce of silver was said to be worth 54*s.* old tenor, or 13*s.* 6*d.* new tenor.

Courts were to make up judgments, according to the contract, either in sterling money, silver or gold, or in bills of public credit according to the values above given.

Every plaintiff, before he could have an execution issued, was required to take oath that he had not violated this act, and no person could assume public office until he had taken the same oath. Every person coming into the colony, intending to carry on trade or commerce, was required within ten days to take the following oath:

"That you have not wittingly or willingly directly or indirectly by yourself or others, contracted for, given, taken, paid, accounted or settled for Gold, Silver, or Bills of Exchange, in any other manner and form than what is regulated and directed by this Act, and that you will for the future punctually and bona fide, observe and comply with the directions hereby stated, so long as the same shall be and continue in force."[1]

When we reflect upon the opportunities afforded the average citizen in those days to acquaint himself with the laws in force in the colony, the question naturally suggests itself how many of them could possibly have known

[1] Acts and Laws of his Majesty's Colony of Rhode Island, etc., 1745–52, p. 87.

in any other way than by hearsay the contents of the manuscript laws which circulated about the colony in which were defined and through which only could be ascertained the values at which the bills of this form were to be received and passed under the penalties imposed by the act. Had it been possible by any sort of legislation to compel the circulation of these bills at any fixed rate in silver, it would at least have been essential that the bill itself should bear upon its face some evidence of the rate at which the assembly proposed by penal legislation to enforce its circulation.

It is not a matter of surprise to find that this extraordinary act was the subject of amendment in the following June, when a new form of bill was adopted in which the value was expressed in ounces of silver. The valuation in the former act was repealed and the ounce of silver was said to be equivalent to 64 shillings old tenor, or 16 shillings new tenor. The form was as follows:

> This bill due from the Colony of Rhode Island, shall be equal to of coined silver of sterling alloy, to the possessor thereof, and shall be accordingly received in the Treasury. By order of the Assembly.
> Providence, March 18, 1750.[1]

On the back were the inscriptions varying according to the denomination of the bill as follows:

5 oz. bill. This bill is equal to sixteen pounds old tenor.

2 oz. 10 dwt. bill. This bill is equal to eight pounds old tenor, and so on down to the 15 gr. bill which was said to be equal to two shillings.[2]

The modification of this act of emission called for a

[1] The engraved bill had the denominational value stated in terms of old tenor in figures in the four corners of the bill.

[2] Acts and Laws of his Majesty's Colony of Rhode Island, etc., 1745–1752, p. 99, p. 101.

change in the form of oath required from plaintiffs and others. This was provided for in the following August.[1]

The circulation of bills of public credit of the colony of three different styles, bearing stated values in coin fixed by legislation, but differing from each other, seemed to require new instructions for the courts as to the method of entering judgments. In August, 1751, in consequence of the depreciation of the bills which had caused many people to complain and that, too, as it was stated with just cause, that they had suffered through the alteration of the medium of exchange established by the colony, it was enacted, that in all debts now or hereafter to become due, for every debt of 64 shillings, old tenor, or 16 shillings new tenor, or 6*s.* 9*d.* in bills of March, 1750, the debtor should pay as much in any of the aforementioned bills, as at the time of payment should be really worth one ounce of silver of sterling alloy, and all judgments were to be made up accordingly.[2]

The success of the counterfeiters of bills of public credit caused the passage of a savage act in 1743. Any person convicted of the offence of counterfeiting the bills of any of the New England governments was to have his ears cropped; to be branded with an R on each cheek; to be imprisoned at discretion; to pay double damages and double interest on the amount of the bills while in the possessor's hands and his real and personal estate was to be forfeited to the colony. If without estate he was to be set at work or sold for a term of years.[3]

It can readily be understood that the various transactions called for by the legislation extending the "banks,"

[1] Acts and Laws of his Majesty's Colony of Rhode Island, etc., p. 104.
[2] *Ibid.*, p. 104.
[3] Acts and Laws of Rhode Island, edition 1744, p. 258.

changing as they did the character of the obligations which the mortgages secured and altering the methods of their payment, were likely to cause litigation. So far as legislation could remedy these evils the assembly stood ready to furnish it. In February, 1729, in consequence of the neglect of the borrowers to comply with the terms of the act in relation to new bonds, the grand committee was authorized to put the mortgages of delinquents after a certain date in suit.[1] We have already seen that in 1738 they attempted to meet the case of unpaid interest on estates where the mortgagor had left the colony.[2] As the loans fell due there was more legislation.[3]

The obligations for the loans being independent from those for the interest, new laws were needed as to the method of carrying on litigation in cases of delinquency, and in 1745, the grand committee was authorized to put the bonds and mortgages of such delinquents in suit, and the general treasurer was to sue on the interest bonds.[4]

In August, 1747, an act was passed for appointing committees in each town for the management of the colony's money, let or to be let, on loan, in the several towns. If it be borne in mind that silver that year reached 60*s.*, and that Massachusetts had absorbed the greater part of the early emissions of Rhode Island currency, this announcement of an adherence to the policy of loaning the colony bills in the face of the deluge of paper money in Massachusetts seems inexplicable.[5]

[1] Acts and Laws of Rhode Island, edition of 1730, p. 181.

[2] Acts and Laws of Rhode Island, edition of 1744, p. 206, p. 218.

[3] *Ibid.*, p. 255, p. 261. Acts and Laws of his Majesty's Colony of Rhode Island, 1745–1752, p. 3.

[4] *Ibid.*, p. 8.

[5] *Ibid.*, p. 33.

In February, 1748–49, an act was passed to relieve the grand committee from the disadvantage under which they were placed in being unable to put mortgages in suit until the tenths became due, in cases where the mortgagors had died or left the colony leaving no estate behind them with which to satisfy either interest or principal of the mortgage.

From these attempts to remedy the evils under which the colony labored, and to cure the difficulties in the way of securing the collection of the interest, and a return of the loans of the public bills, it may be conjectured that towards the end of the period of inflation the benefits of the "banks" were not so conspicuous as at first. The temporary abandonment of the loan system in 1745 and the emission of bills, the retirement of which was provided for in future funds, would indicate an awakening sense of the evils of the situation were it not for the immediate recurrence to former methods. The maintenance of the difference in values at which the old and new tenor bills of Massachusetts circulated in that province can be easily comprehended. There was a constant use for them, with the discriminations as to value which were made in the acts of emission, furnished by payments in the public treasury on account of the several funds provided for their retirement. Payments of this sort formed so small a part of the function of the Rhode Island bills, that it is quite possible that it was found necessary to institute these funds in 1745, in order to maintain the differences in value at which the different bills were to circulate in accordance with the terms of the acts of emission.

During the period of the early emissions, it is evident that reliance was placed upon the small silver and the copper coins which still remained in circulation, for

change. The bills issued in 1710, ranged from £5 to 2*s*, in 1715 from £5 to 1*s*. In the course of time, even this remnant of the hard money disappeared, and dependence must then have been placed upon the fractional currency furnished by Massachusetts and the convenient method of tearing off a proportionate part of one of the larger bills. In 1744, a provision was made for small change by making the bills range from £2 to 4*d*, and in 1751, in the proposed issue, the bills were to be from 25*s*. to 3*d*. In the bills in ounces which were substituted the denominational values ranged from £16 to 2*s*.

The ratio of silver to gold furnished by the Massachusetts acts of 1737 and 1744 was 14.7 to 1. The ratio to be derived from the Rhode Island acts was not uniform. In 1740 it was 14.8 + to 1 and 1751, 15 to 1.

In 1751, Barlow Trecothick testified in the House of Commons that sterling exchange was in 1742, from 500 to 550 in Rhode Island bills of public credit.[1] The rate of exchange given by Governor Wanton in 1747 was 750.[2] The bills on the agent of the colony were sold in 1749 at the rate of 1050.[3] Alexander Grant, Esq., testified in the hearing before the House of Commons in February, 1750–51, that exchange was then 1050 to 1100.[4] The committee of the House of Commons having in charge the preparation of an act of parliament for regulating and restraining paper bills of credit in the colonies accepted the statements of Barlow Trecothick and Mr. Alexander Grant and in the preamble to the resolution offered by them March 12, 1750–51, recited

[1] Journals of the House of Commons, vol. 26, p. 120.
[2] Records of the Colony of Rhode Island, etc., vol. 5. p. 230, p. 236.
[3] *Ibid.*, p. 263.
[4] Journals of the House of Commons, vol. 26, p. 120.

the fact that exchange was at the figures given by them on the dates mentioned in their testimony. They also stated "that the value of silver in the colony of Rhode Island hath between the years 1742 and 1749 raised from 28*s.* or thereabouts (the value in 1742) to 60*s.* per ounce, or thereabouts (the value in 1749)."[1]

The amount of the currency outstanding in February, 1750, was valued by a committee of the assembly in sterling at £45,485, 17*s.* This amount can be obtained by adding the sterling value of the outstanding bills issued to supply the treasury, to the sterling value of the outstanding loans. It is obvious that the committee regarded the rate of exchange at that time as 1100 currency for 100 sterling. On that basis the circulation was £500,335. There was at that time in the hands of the treasurer an amount of these bills nearly equal to £25,000 and this amount was, perhaps properly, not returned as in actual circulation.[2]

On the 4th of September a number of loyal citizens of Newport, in a petition to the king, alleged that the bills of credit outstanding on loans amounted to £390-000, and those outstanding which were issued to supply

[1] Journals of the House of Commons, March 12, 1750–51, vol. 26, p. 120.

Wright quotes Rhode Island bills in 1759 at £2,300 currency for £100 sterling. The American negotiator, London, 1761, p. v.

[2] This amount of bills issued to supply the treasury was returned by the committee as £135,335 13*s.* 2*d.* The amount in the treasury was £24,891 10*s.* 10*d.* Deducting the latter gave for the actual circulation £110,444 2*s.* 2*d.*, which was said to be equal to £10,040 7*s.* 5*d.* sterling. Rev. Elisha R. Potter tabulated the returns of this committee, and in his original pamphlet the net sterling value of the outstanding bills issued to supply the treasury, was through a typographical error entered as £1,040 7*s.* 5*d.* A brief account of the emissions of paper money, made by the colony of Rhode Island, Providence, 1837, p. 11. The error was obvious, but has created much confusion in the pages of writers who have subsequently treated of this topic.

the treasury amounted to £135,335, making in all £525,-335. These figures are evidently taken from the report to the assembly, and differ from the result obtained there only in the failure to deduct the bills then in the treasury.[1]

The assembly were evidently annoyed at this petition, and in June, 1751, a committee reported that the assertion that the outstanding circulation was £525,335 was not at that time true. They did not, however, state what the circulation at that date, in their opinion, really was. Nor did they state what it was in June, 1751. The petition of the Newport citizens had been forwarded for the purpose of preventing, if possible, a threatened emission. In the interval this emission had been made and the currency had been swelled by its amount. It would hardly have strengthened the position of the committee after this attack upon the truthfulness of the petitioners to have shown a circulation largely in excess of the assertions which were impugned.

The Spanish milled dollar was declared, in 1752, to be equal to 56*s.* old tenor. At 6*s.*, the rate of proclamation money, this was on the basis of 9⅓ old tenor for one of lawful money, or taking the sterling value of the dollar at 4*s.* 6*d.*, exchange was 1244.[2] Thus we see that Rhode Island was still pressing forward in her wild career of inflation when the limitation of our investigation compels us to drop the subject.

[1] The petition of the Newport citizens was modified so that it could be used by "the merchants of London trading to the colony of Rhode Island," and presented to the House of Commons, February 26, 1750–51. Journals of the House of Commons, vol. 26, p. 64. Douglass used the report in the same way that the petitioners did, giving the circulation £525,335. A summary, historical and political, etc., etc., by William Douglass, M.D., vol. 2, p. 107.

[2] Acts and Laws of his Majesty's Colony of Rhode Island, 1745–52, p. 105.

CHAPTER XIX.

THE EMISSIONS OF THE NEIGHBORING GOVERNMENTS. CONNECTICUT.

Connecticut cannot be held to any great degree of responsibility for the paper money inflation in New England which we are now considering. If we quote from Douglass, we shall obtain an estimate of the feeling which prevailed in Massachusetts in 1739, with regard to the course taken by that colony.[1]

"Connecticut," he says, "a charter colony of industrious husbandmen, having with much prudence emitted only small quantities of bills, silver would have continued with them at 8*s.* per oz., as it did in New York, their neighboring government westward, if their people had not given a currency to the public bills of their brethren, in the neighboring colonies of New England. Connecticut emitted bills only for the present necessary charges of government upon funds of taxes, until A., 1733, having granted a charter for trade and commerce to a society in New London, this society manufactured some bills of their own, but their currency being soon at a stand, the government were obliged in justice to the possessors to emit £50,000 upon loans, to enable those concerned in the society to pay off their society bills in colony bills; their charter was vacated and a wholesome law enacted, that for any single person or society of persons to emit and pass bills for commerce, or in imitation of colony bills, penalty should be as in case of forgery or counterfeiting colony

[1] A Discourse concerning the currencies of the British plantations in America, p. 13.

bills."[1] We have already seen that this feeling with regard to the responsibility of Connecticut was shared by the authorities of the province of the Massachusetts Bay, as was shown in January, 1748–49, in the letter to the neighboring governments, in which especial mention was made of the regret felt that the bills of Connecticut must be included in the general prohibition of the circulation of bills of the neighboring governments.

The several features which have been noted as marking the progress of the emissions and the consequent depreciation of the currency of the Massachusetts Bay and New Hampshire, can also be traced in the records of Connecticut. The first emission was in 1709 and the bill as described in the act was an exact copy of the Massachusetts bill. By carelessness on the part of the engraver the words "in all public payments" were omitted on the plate. This omission was cured by legislation in May, 1710.[2] The policy of allowing five per cent in payments to the treasury, was adopted from the outset, and this five per cent. was added to the taxes proposed as a fund for calling in the bills. The first fund that was laid, could, according to the terms of the act of emission, be paid in certain produce of the colony,

[1] Douglass was in error in saying that £50,000 were emitted on loans to enable those concerned in the New London society to exchange the bills. £15,000 out of an emission of £30,000 were set apart for that purpose, and not all of that was used. In the "Summary," Douglass refers briefly to the New London society. See vol. 2, p. 181. Dr. Bronson, treating of the same thing in his Historical account of the Connecticut currency, says: "Bills provided for by the acts of Feb., 1732–3, and May, 1733, amounting in the whole to £50,000," etc., etc. As I understand the acts, £30,000 were emitted in February, and the May act was simply a distribution of the amount authorized in February. Dr. Bronson's paper is in the first volume of the New Haven Historical Society papers.

[2] The Public Records of the Colony of Connecticut, vol. 5, p. 157.

as well as in the bills of credit.[1] The next spring it was enacted that in order to give currency to the bills of credit, the fund could only be met in bullion at 8*s.* an ounce or in bills of credit and in no other way,[2] and the following fall this rule was changed so that the taxes could be paid either in money as it generally passed in New England at the time of payment, or in bills of credit and in no other way.[3] In 1713, the bills of low denomination of the first issue having been altered and the colony flooded with raised bills, a new bill was issued. In this form the words "in all public payments" were deliberately omitted. It was estimated that there were then £20,000 in circulation and an attempt was made to draw in the outstanding bills and compel their exchange within one year for bills of the new issue.[4] In 1726, it was enacted that inasmuch as the dividing the bills of credit into quarters was detrimental, bills thus treated ought not to be accepted by the treasurer in part payments.[5] It is obvious, however, that the practice continued and that the treasurer of the colony not only received bills thus mutilated, but paid them out in this condition, for in May, 1736, the halving and quartering of bills of the denominations of £5, 40*s.*, 20*s.*, 10*s.* and 5*s.* was prohibited and the treasurer was forbidden after May 20, 1737, to receive bills of these denominations thus mutilated and was ordered not to pay them out.[6] An effort was then made to force these fragments out of circulation by offering to exchange them at the treasury for whole bills up to a certain date.

[1] The Public Records of the Colony of Connecticut, vol. 5, p. 112.
[2] *Ibid.*, p. 157.
[3] *Ibid.*, p. 166.
[4] *Ibid.*, p. 387.
[5] *Ibid.*, vol. 7, p. 39.
[6] *Ibid.*, vol. 8, p. 34.

This evidently did not accomplish its purpose, as the proposition was from time to time renewed, each time a new limit being set for the period within which the exchange could be made.[1]

In February, 1732–33, an act was passed making it illegal for private persons or societies to emit bills of credit intended for a general currency.[2] This act was occasioned by the circulation of the notes of the New London Society United for Trade and Commerce, an organization to which a charter had been granted by the assembly a few months before.[3] When it was discovered that under guise of commercial dealings the company was attempting to supply its notes as a medium for trade, its career was promptly closed by the governor and its charter was annulled by the assembly. The colony having thus suppressed an attempt on the part of a company of its own creation to furnish a medium of trade to the people, was of course not prepared to submit to the circulation within its borders of the bills of the Massachusetts land bank. In order effectually to prevent this however, more legislation was necessary and in October, 1740, an act was passed imposing a penalty for uttering, rendering or passing any bills or notes whatsoever, which either had been or should be made for a general currency or medium of trade and emitted on the fund or credit of any private person or persons, society or company, whatsoever, either of Connecticut or of the neighboring goverments.[4] This act was tem-

[1] The Public Records of the Colony of Connecticut, vol. 8, pp. 134, 264, 372.

[2] *Ibid.*, vol. 7, pp. 422, 540; vol. 8, p. 14.

[3] A detailed account of the career of this society will be found in the portion of this work devoted to banking.

[4] The Public Records of the Colony of Connecticut, vol. 8, p. 353.

porary in character but was made permanent in May 1741.[1]

The currency within the colony of the bills of credit of other governments was not only recognized in the acts against counterfeiting, but provision was made in some of the tax acts for receiving certain of these bills in payment of taxes.[2]

In emitting a new tenor bill in May, 1740, the colony no longer followed in the footsteps of Massachusetts in the form of the bill. Not only was the phraseology changed but the nominal rate of silver was different. The following is the form of the bill as given in the act.[3]

> No. () This bill by a law of the Colony of Connecticut shall pass current within the same for Twenty Shillings in value, equal to silver at eight shillings per ounce, Troy weight, Sterling Alloy, in all payments and in the Treasury.
>
> Hartford, May 8th, 1740.
>
> A, B, C } Committee.

The trouble about the adjustment of debts began in 1718. It was stated that at that time the bills of credit had an universal currency throughout the government and that the whole course of trade since 1709, had been gradually managed and regulated thereby. Debts were generally understood to have been contracted in bills. To prevent oppression by the vigorous exaction of money (which could not be procured but with great difficulty) it was provided that from July 12, 1709, to July 12, 1727, in all cases where the debt was contracted with the real intent on the part of

[1] The Public Records of the Colony of Connecticut, vol. 8, p. 392.
[2] *Ibid.*, vol. 8, pp. 362, 443, 509.
[3] *Ibid.*, vol. 8, p. 319.

both creditor and debtor, that it should be paid in bills even though not expressly so stated, a tender of bills would stay execution.[1] This provision was, in October, 1728, extended until 1735.[2]

In 1740, the new tenor bill was, as we have seen, made by its terms a legal tender. This was not only provided for in the form of the bill, but also in the last paragraph of the act.[3] In November, 1740, instructions were received from the Lords Justices of the Regency to enforce the act of parliament relative to the rates at which foreign coins should pass in the plantations, and at the same time the Lords Commissioners for Trade and Plantations wrote, calling attention to the fact that the legal tender function of the new tenor bills frustrated the act of parliament. In consequence, an act was passed repealing the clause of the act which conferred this quality upon the bills and amending the form of the bill so as to overcome the objection of the Board of Trade.[4] This was accomplished so far as the form was concerned by striking out the word "and". The bill then became current only in all payments in the treasury. It was thought that this might have a tendency to depreciate the bills. To overcome this, the exchange of the new tenor bills was authorized at the treasury, for bills of the old tenor of Connecticut or of the neighboring governments at the rate of £250 per cent. more of the said bills of the old tenor for those of the new tenor that might be brought to the treasurer, or so much per cent. as the old tenor bills aforesaid should bear to the new tenor as therein expressed. Such ex-

[1] The Public Records of the Colony of Connecticut, vol. 6, p. 74.
[2] *Ibid.*, vol. 7, p. 208.
[3] *Ibid.*, vol. 8, p. 321.
[4] *Ibid.*, vol. 8, p. 360.

changes were only to be made during sessions of the assembly.[1]

In May, 1742, an act for regulating coins and currencies was passed. It was based upon royal instructions and an act of parliament. Coined silver of sterling alloy was to pass at 6*s.* 8*d.* an ounce, and the same was to be accepted, received and taken to be lawful money of and in the colony. The bills of credit were to be regulated in their currency by the said standard according to their current value, which was to be determined from time to time by the assembly. Contracts were to be settled in money or in bills of credit, regulated as aforesaid, and suits at law were to be brought for lawful money.[2] This act was repealed in May, 1744, and it was then enacted that all processes and suits should be brought for the recovery of the coin or currency expressed or plainly understood in the contract.[3]

A spasmodic attempt was made in May, 1747, to cut off the circulation of bills of other governments within the limits of the colony. It was then enacted that for the future the bills of public credit of Connecticut only, or the silver or gold equivalent thereto, should be accepted, taken, or received in that colony.[4] Contracts in these outside bills were declared to be void. This clause was however repealed in the succeeding October.[5]

Preparations for the use of the money to be received from Great Britain in reimbursement for the expenses of the Cape Breton expedition, began in October, 1748, by the passage of a resolution by the assembly, instructing the London agent of the colony to deposit the money

[1] The Public Records of the Colony of Connecticut, vol. 8, p. 360.
[2] *Ibid.*, p. 457.
[3] *Ibid.*, vol. 9, p. 41.
[4] *Ibid.*, p. 282.
[5] *Ibid.*, p. 346.

which he should receive in the Bank of England.[1] This was followed by a vote in May, 1749, that all such allowances of sterling money as should be made by the parliament of Great Britain towards reimbursing the colony in the late expedition to Cape Breton, and such as might be intended for the expenses of the colony in the late intended expedition against Canada should be improved for the calling in and exchanging, sinking and discharging the then outstanding bills of credit made and issued by the colony.[2] When the money was received it was enacted that no part of the exchange should be sold outside the colony.[3] Although the disposition to apply the same heroic method of treatment to the currency question, as that which was successfully carried through the assembly in the province of the Massachusetts Bay, evidently existed in Connecticut at the outset, the courage of the assembly disappeared when brought to the test and the voluntary resumption of of specie payments did not take place.

We can obtain official accounts of the circulation of the public bills of the colony in 1740 and in 1751. In January, 1739-40, Governor Talcott reported to the Board of Trade that there were outstanding of the bills of credit issued against funds £5,738, 16*s.* 9*d.* Of those which had been lent there were outstanding £33.594, 9*s.* 3*d*, making a total amount then in circulation of £39,333, 6*s.*[4] The heavy emissions caused by the war-

[1] The Public Records of the Colony of Connecticut, vol. 9, p. 410.

[2] *Ibid.*, p. 447.

[3] *Ibid.*, p. 510.

[4] The entire table, taken from the Connecticut archives, is reproduced by Dr. Bronson. An historical account of the Connecticut currency, by Henry Bronson, M.D., p. 50. New Haven Historical Society Papers, vol. 1, following page 170, with a pagination of its own.

like expeditions began in 1744. £19,000 were issued that year, followed by £40,000 in 1745, and £55,000 in 1746. These emissions were all in new tenor which was rated in the tax acts at the rate of three and one-half of old tenor for one of the new. The report in 1751, which has been referred to stated that there was then outstanding £340,218 18*s.* 7*d.* old tenor.[1] This amount is less than would be obtained by tabulating the emissions and deducting the taxes laid as funds for calling in the bills. It is, however, an official statement of the circulation at that time. £4,000 new tenor the equivalent of £14,000 old tenor, issued in 1744, were to be called in in 1750. To obtain the amount outstanding in 1749, it is probable that we ought to add £14,000 to the amount stated in the report as outstanding in 1751. If we do this we shall have in round numbers the circulation in 1749, as £354,000 old tenor.

[1] The Public Records of the Colony of Connecticut, vol. 10, p. 65, note.

CHAPTER XX.

THE LESSON IN ECONOMICS.[1]

It is plain that a study of the statistics connected with the emissions ought to reveal much that is of interest provided the data upon which they are founded are sufficient in quantity, and are accompanied with contemporaneous information which will enable us to develop the effect of the amount of paper money in circulation upon the price of exchange, upon wages, and upon the cost of living. When the subject of the Massachusetts coinage, and proclamation and lawful money was discussed, the attention of the reader was called to the fact that the pounds, shillings and pence in use were not sterling, but New England money, the conversion of which into sterling could be effected by applying a discount of twenty-five per cent. In a similar way it is necessary before entering upon any examination of the statistics connected with the currency to call attention to the fact that during the latter part of the time when these emissions were being made, the presence of bills of the same denomination which were phrased in different forms, and circulated side by side at different values, compelled the selection of the bills of one of these forms as the ordinary measure of value. The choice for this purpose naturally fell upon the old tenor bill. Up to the time of the issue of the new form, current values were stated in old tenor. This would probably have controlled in any event, so long as the old tenor remained in circulation, but the fact that for a

[1] A large part of the material made use of in this chapter was incorporated in a paper read before the American Academy of Arts and Sciences. See Proceedings American Academy of Arts and Sciences, vol. 33, no. 12, February, 1898.

short time the bills of the first new tenor and second new tenor were received by the government at different values, added to the perplexity of the situation, and made it almost imperative for writers to convert the bills of the new tenor into old tenor in making statements of the amount in circulation. When, therefore, it is stated that there was in circulation in 1749, about £1,900,000 of public bills of the province of the Massachusetts Bay, it must be remembered that if the taxes which were laid for the purpose of withdrawing from circulation the old tenor bills, had been paid exclusively in those bills, and the province had accepted the new bills as the measure of values, there would have been a great reduction in the nominal amount of the bills in circulation, and in the stated rate of exchange. Of the bills of the new tenor of all sorts there were in circulation at that time only about £475,000. Exchange measured in these bills instead of being 1100 or thereabouts, would have been only 275. Such facts as these add greatly to the confusion of the situation, but no just appreciation

Periods.	Exchange with London.	1 oz. Silver.	Periods.	Exchange with London.	1 oz. Silver.
A.D. 1702	133	6*s.* 10½*d.*	A.D. 1728	340	18*s.*
1705	135	7*s.*	1730	380	20*s.*
1713	150	8*s.*	1737	500	26*s.*
1716	175	9*s.* 3*d.*	1741	550	28*s.*
1717	225	12*s.*	1749	1,100	60*s.*
1722	270	14*s.*			

can be acquired of the statements showing the movements of exchange, etc., which I am about to submit, unless the disturbing elements introduced by the emission in 1737 of the new tenor bills are fully considered.

The above table, showing the rate of exchange and the

price of silver at different dates, 1702 to 1749, was made up by Dr. Douglass:[1]

The Suffolk files furnish us with two papers which give the fluctuations in silver somewhat more in detail between 1700 and 1738, inclusive, than can be found in the foregoing table.[2] This record, which follows, is copied from a book kept by Edward Winslow, who was sheriff of Suffolk county, and it has, therefore, a certain official character.

Years.	Rate of silver per ounce.	Years.	Rate of silver per ounce.	Years	Rate of silver per ounce.
1700 to 1704	7*s.*	1721	12*s.* 6*d.*, 13*s.* 13*s.* 6*d.*	1731	18*s.* 6*d.* 19*s.*
1705 to 1710	8*s.*	1722	14*s.*, 14*s.* 6*d.*	1732	19*s.* 6*d.* 20*s.* 20*s.* 6*d.*
1711	8*s.* 4*d.*	1723	14*s.* 6*d.*, 15*s.* 15*s.* 6*d.*	1733	21*s.*, 21*s.* 6*d.* 22*s.*, 22*s.* 6*d.* 23*s.*
1712, 1713	8*s.* 6*d.*	1724	16*s.*, 16*s.* 6*d.*	1734	24*s.* 25*s.* 26*s.* 26*s.* 6*d.* 27*s.*
1714, 1715	9*s.*	1725	16*s.*, 15*s.*		
1716, 1717	10*s.*	1726, 1727	16*s.*	1735	27*s.* 6*d.*
1718	11*s.*	1728	16*s.* 6*d.*, 17*s.* 18*s.*	1736	27*s.*, 26*s.* 6*d.*
1719	12*s.*	1729	19*s.*, 19*s.* 6*d.* 20*s.* 21*s.* 22*s.*	1737	26*s.* 6*d.*, 27*s.*
1720	12*s.* 4*d.*	1730	21*s.* 20*s.* 19*s.*	1738	27*s.*

[1] Douglass's Summary, historical and political, etc., vol. 1, p. 494. Quoted by Holmes, American annals, vol. 2, p. 178. Copied from Holmes by Gouge, A short history of paper money and banking in the United States, including an account of provincial and continental paper money, etc., by William M. Gouge, 1833. Part 2, p. 7.

[2] Suffolk Files, 40,289 and 46,659. The decline shown in Winslow's table in 1730, 31, 32, is recognized by Shirley in his speech, May 25, 1743. See House Journal.

A table which was incorporated in the draught of an act which failed of passage and which included the rates from 1710 to 1727, has already been given.[1] The following table which includes not only the price of silver but also the premium on exchange from 1713 to 1730, will be found useful for purposes of comparison. It is taken from a pamphlet entitled, "An Enquiry into the state of the bills of credit of the province of the Massachusetts Bay in New England in a letter from a gentleman in Boston to a merchant in London," 1743:

Yrs.	Price of silver.	Exchange.	Yrs.	Price of silver.	Exchange.
1713	8*s.* 4*d.* p. oz.	50 pct. advance	1722	14*s.* p. oz.	160 pct. advance
1714	9*s.*	60	1723	15*s.*	160
1715	9*s.*	60	1724	16*s.*	200
1716	9*s.* 2*d.*	60	1725	16*s.*	200
1717	10*s.*	60	1726	16*s.*	200
1718	11*s.*	100	1727	16*s.*	200
1719	12*s.*	110	1728	16*s.* 6*d.*	200
1720	12*s.* 4*d.*	110	1729	19*s.*	240
1721	12*s.* 6*d.*	130	1730	18*s.* 6*d.*	240

The following is taken from Wright's "American Negotiator", which says that "A state of all the degrees of depreciations in the respective years the variations or changes happened, from the year 1702 to the year 1749,

Years.	Exchange.	Oz. of silver cur.	Dollar ster.
1702	133	6*s.* 10½*d.*	4*s.* 6*d.*
1705	135	7*s.* 0*d.*	4*s.* 6¼*d.*
1713	150	8*s.* 0*d.*	4*s.* 7½*d.*
1716	175	9*s.* 3*d.*	4*s.* 7*d.*
1717	225	12*s.* 0*d.*	4*s.* 7½*d.*
1722	270	14*s.* 0*d.*	4*s.* 6½*d.*
1728	340	18*s.* 0*d.*	4*s.* 7*d.*
1730	380	20*s.* 0*d.*	4*s.* 7½*d.*
1737	500	26*s.* 0*d.*	4*s.* 6½*d.*
1741	550	28*s.* 0*d.*	4*s.* 5*d.*
1749	1,100	60*s.* 0*d.*	4*s.* 8½*d.*

[1] See ante, p. 90.

both by the ounce and dollar, that correspond with the said depreciation, are set down in the following [foregoing] table."

In the "Diary and Letters of His Excellency Thomas Hutchinson, Esq., by Peter Orlando Hutchinson, Boston, 1884," on page 53, the following is to be found: "So early in his life as the year 1736 he published a small pamphlet on the subject [currency]." Note. On the fly leaf at the beginning of his Almanac for 1770, he has jotted down the rates of silver for a long series of years. The memorandum stands thus:[1]

RATES OF SILVER IN

1714	8/6	1725, 6	15/6	1738	27/
15	9/2	30	18/	39	28/6
16, 17	12/	31	19/	44	30/
21	13/	33	21/	45	36/
22	14/	34	25/	46	36/38/ 40/ and 41/
24, 5	16/	37	26/6	47	50/ 55/ and 60/

In 1700 the province was practically on a specie basis and exchange was quoted at its normal rate, 133⅓. Silver was, however, rated in some of the tables at 6*s.* 10½*d.*, and in others at 7*s.* The former rate is given in Douglass's table, and is practically approved by Hutchinson.[2] If the piece of eight of 17 dwt. was permitted to circulate for six shillings, the rate of silver to be derived therefrom was as we have heretofore seen, 7*s.* 3*f.* an ounce, while on the other hand the rate to be

[1] An affidavit taken July 31, 1734, in a suit in Middlesex county, fixes the rate of silver in November, 1714, at 8*s.* 10*d.* an ounce, and goes on to say, "which makes in every twenty shillings about five and eight pence difference between silver att seventeen peneweight and province bills, and in the year 1718 ye difference silver at 17 pwt and province bills was about ten and sixpence on ye pound." Suffolk files, no. 37,652.

[2] History of Massachusetts (ed. 1795), vol. 2, p. 393.

derived from the weight required in the proclamation for the piece of eight, which should circulate at six shillings, was 6*s.* 10$\frac{2}{7}$*d.* per ounce. The general rating of the period appears, however, to have been that given by Winslow, 7*s.* per ounce. A committee of the general court recommended that pieces of eight should pass at 7*s.* per ounce in 1701.[1] Another committee in 1703, proposed that plate, bullion and silver of sterling alloy should pass at 7*s.* per ounce.[2] Seven shillings may, therefore, be adopted as the generally accepted value at that time.[3] December 27, 1704, Dudley announced that he had received the proclamation.[4] On the 3d of March, 1704–5, the council passed an order that no money should pass by tale, but what was of due weight, according to her Majesty's proclamation. Light money and plate of sterling alloy were to pass until further provision should be made at the next session of the assembly at seven shillings per ounce. The house nonconcurred and the governor summoned them to a conference. After the conference, the order was amended by striking out the seven shilling and making it read that light weight coins, etc., should pass and be good in payments by the ounce Troy, *pro rata*, until the end of the session of the court in May.[5] On the same day Dudley issued a proclamation to that effect.[6]

All through the provincial legislation 6*s.* 8*d.* is treated as the normal value of the ounce of silver in terms of

[1] Mass. Arch., vol. 101, no. 184.

[2] Mass. Court Rec., vol. 7, p. 373.

[3] The author of "Observations on the scheme projected for £60,000 in bills of a new tenor," p. 18, gives the rate in 1702 at seven shillings. The same author, however, in "An inquiry into the nature and uses of money," etc., p. 4, gives the rate the same year as eight shillings.

[4] Mass. Court Rec., vol. 8, p. 95.

[5] *Ibid.*, vol. 8, p. 113.

[6] Mass. Arch., vol. 101, nos. 287 and 290.

lawful money. The London price at the same time was 5*s.* 2*d.* sterling. This sterling rate was occasionally recognized in some of the enactments. For instance, in January, 1741–42, it was enacted "that five shilling and two pence of all grants and establishments which have been made in sterling money as aforesaid, shall be paid by six shillings and eight pence of the bills hereby emitted." With exchange at 133⅓ and silver at 5*s.* 2*d.* sterling an ounce the value in lawful money would have been 6*s.* 10⅔*d.* per ounce. The effect of this act was therefore that 6*s.* 8*d.* should perform the duty of 6*s.* 10⅔*d.* The question naturally arises whence came this rate of 6*s.* 8*d.*? It is probable that it dates back to the days of the colony when silver plate was rated at 5*s.* per ounce.[1] This was before the days of the mint and was nominally a sterling rating. 5*s.* sterling would be the equivalent of 6*s.* 8*d.* lawful money. Its use would in that event have been merely traditional, but a traditional rate might have fixed itself upon a purely representative money.

According to Hutchinson an entirely new weight was assigned to the piece of eight which should pass for six shillings, at the time of the resumption of specie payments which carried with it a new standard for the value of the ounce of silver. He says, "It was thought best to conform to Queen Ann's proclamation and to establish a currency at the rate of six shillings a milled dollar,

[1] Mass. Col. Rec., vol. 1, p. 294, May 13, 1640. "And it was ordered that in payment silver plate should passe at 5*s.* an ounce." See also A discourse on the currencies, etc., p. 24, where Douglass, speaking of the effect of the depreciation of the currency on the salaries of clergymen, says, the preachers "when silver was at 5*s.* had £3 per week; at present silver at 20*s.* per oz., they have only £6 to £8, equal to 40*s.* of former times." The quotation heretofore given (p. 27) from Professor Sumner's "Coin Shilling," shows that we must go back to 1600 to find this 5*s.* London rate for silver.

for, although silver by the act of the province is made the standard at 6*s.* 8*d.* the ounce, yet at the same time a milled dollar was allowed to pass at 6*s.* and everybody expected by this means to exclude hammered pieces of eight from our currency, and this has been the effect, and in fact silver is our standard by law at 6*s.* 10*d.* the ounce, supposing a dollar to weigh 17 dwt. 9 grains."[1]

Douglass saw that through the changes made in the allowances to the governors and in the *per diem* pay which the members of the General Assembly voted to themselves, a sort of scale could be constructed with which to measure the diminution of the purchasing power of the biils, and he therefore put together the following table.[2]

A.D.	1702.	1720.	1730.	1740.	1743.	1745.	1747.	1748.
Gov'rs. Per an.	Dudley £600	Shute £1,000	Belcher £2,400	Belcher £3,600	Shirley £5.400	Shirley £6,000	Shirley £7,600	Shirley £9,600
Counc'. Per day	5*s.*	6*s.*	10*s.*	15*s.*	18*s.*	18*s.*	30*s.*	40*s.*
Rep'tves. Per day	3*s.*	4*s.*	6*s.*	10*s.*	12*s.*	12*s.*	20*s.*	30*s.*
Rates . .	£6,000	£6,000	£6,000	£35,000	£60,000	£120,000	£168,324	£381,672

The growth of the rates or annual charges of the government is almost as instructive as the advance of the pay of the legislators, but is of course complicated by causes outside the currency. The changes in the pay of

[1] This was from an article published in the Boston *Evening Post*, December 14, 1761, and reprinted by a writer who differed from Hutchinson in some of his conclusions, in a pamphlet entitled, Considerations on lowering the value of gold coins within the Province of the Massachusetts Bay. [1762.]

[2] Douglass's Summary, historical and political, etc., vol. 1, p. 508.

the councillors and representatives, as laid down in the province laws, are as follows:

A.D.	1692.	1714.	1728, 1737.	1738, 1740.	1741.	1742, 1746.	1747.
Councillors:							
Per day	5*s.*	------	10*s.*	15*s.*	12*s.*	18*s.*	30*s.*
Representatives:							
Per day	3*s.*	4*s.*	6*s.*	10*s.*	8*s.*	12*s.*	20*s.*

It will be seen that the records practically confirm Douglass's table, so far as the *per diem* pay of the legislators is concerned, the brief variation in 1741 not being of sufficient importance for consideration. The increase in the governor's pay in 1748, would indicate a probable increase at the same time in the pay of the councillors and representatives; but there is no record preserved of any action on this point. The annual tax acts all contain statements of the amounts respectively levied for the province tax and for representatives' pay and fines. If the service of the representatives had been uniform each year, we could test the table by a comparison of the appropriations for representatives' pay for different years; but an examination of these amounts from year to year shows that the growth to be found there does not exactly follow the law which would be deduced from the amounts of the *per diem* pay. It is a fact, however, that while the amount assessed in June, 1747, for representatives' pay and fines, was £2,878 11*s.* 6*d.*, the corresponding amount in the levy next year was £4508 5*s.* The presumption is that Douglass was correct in the figures which he gave for the pay of the councillors and representatives in 1748.

It is difficult to trace in the records the allowances made to the governors and lieutenant governors during

the early days of the province, but in 1729, the house of representatives published an account of the proceedings of the assembly in connection with the appropriations made for these purposes.[1] From this it appears that Phips was allowed £500 in March 1692–93 and £500 in October, 1694.[2] Stoughton, who as lieutenant governor succeeded to the performance of his duties, was allowed £200 in 1695, £300 in 1696, £250 in 1697, and £300 in 1698. Bellomont had £1,000 in 1699 and £1,000 in 1700. In 1701, Stoughton was allowed £200. Dudley received practically £500 per annum during his term of office, and Tailer who as lieutenant governor performed the duties of the office until Shute arrived was allowed £500. Shute was at first allowed £1,200, but this was afterwards cut down to £1,000. The allowances to Dummer after Shute's departure were irregular, but practically amounted to a salary of £800. Burnet would not take the allowance in the form in which it was granted. Belcher's first allowance was £2,400; from 1731 to 1737 inclusive, he was allowed £3,000 per annum; then for three years the sum was fixed at £3,600. From this point Shirley's allowance was advanced by stages to £5,400, £5,760, £6,000, £7,600, and finally it was in 1748 £9,600.

It was stated by a contemporary writer[3] that there was

[1] A collection of the proceedings of the great and general court or assembly of his Majesty's Province of the Massachusetts Bay in New England, containing several instructions from the crown, to the council and assembly of that province, for fixing a salary on the governour and their determinations thereon—as also, the methods taken by the court for supporting the several governours since the arrival of the present charter. Printed by order of the House of Representatives. Boston, 1729.

[2] A further allowance of £500 was given in June, 1694. Acts and Res. Prov. Mass. Bay, vol. 1, p. 174.

[3] The second part of South Sea stock, p. 22.

in circulation in the four New England colonies, when the first issues of province bills were made, about £200,000 in silver. Douglass[1] says that in 1713 one third in value of the circulating medium of the New England governments was silver, and the other two thirds paper. The bills he estimated at £175,000. Silver was then rated at 8*s.* per ounce. They were therefore equivalent to 437,500 ounces of silver. He called them 438,000 ounces, and thus got a total of 657,000 ounces. A comparison of some of these estimates may be useful.

Year.	Silver in circulation.	Bills in circulation in all New England.	Rate of silver per ounce.	Corresponding ounces of silver in circulation.	Value of circulation at 6*s.* 8*d.* per ounce.
1700	£200,000	----------	7*s.*	571,428	£190,476
1713	219,000 oz.	£175,000	8*s.*	657,000	219,000
1718	----------	300,000	12*s.*	500,000	166,666
1731	----------	470,000	20*s.*	470,000	156,666
1739	----------	630,000	29*s.*	434,482	144,827

If there is any rule to be deduced from the foregoing table it would seem to be substantially the same as that laid down by Douglass:[2] "The more paper money we emit, our real value of currency or medium becomes less, and what we emit beyond the trading credit of the country does not add to the real medium, but rather diminishes from it by creating an opinion against us, of bad economy and sinking credit."[3]

[1] A discourse, etc., p. 29. The author of "An enquiry into the state of the bills of credit, etc.," 1743, on p. 6, says that in 1712 silver was reckoned to be one-third of what the paper currency amounted to.

[2] A discourse concerning the currencies, etc., pp. 29, 30.

[3] The author of An enquiry into the state of the bills of credit, etc., etc., says, p. 43, "the immoderate emissions of bills since that time [1712] instead of increasing have much diminished the medium of trade."

The apparent exception to the rule, in the excess in the purchasing capacity of the circulation shown in 1713, may be capable of explanation. When the colony began the emission of public bills of credit there was in circulation an amount of silver practically adequate for the transaction of local business affairs. Until it had been totally displaced and superseded by paper money, any estimate of the amount remaining in circulation at any given time must have been conjectural. Douglass's estimate of one-third in circulation in 1713 may have been too high, and was indeed disputed by one of his contemporary controversalists. Whether this be so or not, time was required for the emissions to produce their effects upon the discount of the bills and the displacement of silver, and it is quite probable that the £50,000 emitted for the Hill and Walker expedition against Quebec in 1711 had not then fully done its work. Still another exception to the rule is to be found in 1749. There were outstanding that year in the month of May, about £2,120,000 old tenor. A tax of £75,000 new tenor was laid that summer. This was equal to £300,000 old tenor, and reduced the amount outstanding to £1,820,000, or, as it was then generally stated, £1,900,000. Silver was then quoted at 60*s.* an ounce, and the outstanding circulation, thus reduced, taking the contemporary estimates as our basis, was equivalent to 633,333 ounces, which at 6*s.* 8*d.* an ounce was equal to £211,111. It must not be forgotten, however, that when that tax was laid it was known that the government of Great Britain had completed its preparations for reimbursing the province for its expenditures in behalf of the Cape Breton expedition, and a law had been passed in the province fixing the terms of the redemption of the bills. These exceptions, therefore, do

not furnish adequate reasons for doubting the correctness of the rule deduced by Douglass.

The influence of large emissions on the part of the province of the Massachusetts Bay upon the silver quotations can be easily distinguished, and in some instances, where the rise of silver was stimulated by causes not connected with the issues of this province, the coincidence with large emissions in Rhode Island furnishes an adequate explanation of this change in rate. Douglass was of opinion that two thirds of the bills emitted by Rhode Island were absorbed in the circulation of Massachusetts.[1] The following table mainly made up from facts brought together by Douglass in his pamphlets, will illustrate these points.

Year.	Rate of silver per ounce.	Loans and extraordinary emissions.
1700--	7*s.*	
1706--	8*s.*	
1712--	8*s.* 6*d.*	£50,000 advanced account Quebec expedition.
1715--	9*s.* 2*d.*	£50,000 loan, 1714; £40,000, R. I., 1715.
1717--	12*s.*	£100,000 loan.
1722--	14*s.*	£50,000 loan, 1721; £40,000, R. I.
1728--	18*s.*	£60,000 loan, 1727; £40,000, R. I., 1728.
1732--	21*s.*	£60,000 R. I. loan, 1731.
1733--	27*s.*	£76,000, 1733; £104,000, R. I.; £50,000, Conn.
1738--	29*s.*	£100,000 R. I. loan.

Wages did not rise proportionately with silver. In a pamphlet published in 1721, when silver was between 12*s.* and 13*s.* an ounce, the writer says,[2] "I will next ask the poor laborer that works for five shillings per day, half money, half goods, whether he lives better now than

[1] The author of An enquiry into the state of the bills of credit of the province of the Massachusetts Bay, etc., etc., puts this at five-sixths, p. 44.

[2] The second part of South Sea stock, p. 16.

when he received four shillings per day in good silver money at the rate of seventeen penny-weights for six shillings." Another pamphleteer writing at this time, sets forth the effect upon the agriculturist as follows: "We formerly sold butter sixpence a pound, that sixpence would buy two pounds of sugar, and if we now have ninepence a pound for butter, that ninepence will buy but one pound of sugar or thereabouts."[1] Douglass, writing in 1739 concerning the effect of the depreciation on wages, says:[2] "How much they have suffered and continue to suffer is obvious. For instance, a carpenter, when silver was at 8*s.* per oz., his wages were 5*s.* a day all cash. The Town House, A. 1712, was built at this rate; whereas at present, A. 1739, from the bad influence of paper money, silver being 29*s.* per oz., he has only 12*s.* a day, equal only to 3*s.* 4*d.* of former times; and even this is farther reduced, by obliging him to take one half in shop goods at 25 per cent. or more advance above the money price." He then proceeds to show how the purchasing power of the day's wages has diminished, selecting butter for his illustration on the ground that it rose the most uniformly of all provisions. When wages were 5*s.* per day, butter was 4*d.* per pound, and the laborer could buy 15 pounds with one day's wages. His 12*s.* would only purchase 7 pounds, butter being then 20*d.* a pound. The salaries of clergymen had more than doubled, but the original purchasing power of the salaries had been diminished by thirty-three per cent.

The form of the public bill has already been indicated. It was in effect a certificate of indebtedness, and

[1] The present melancholy circumstances of the province considered, etc., p. 12.

[2] A discourse concerning the currencies of the British plantations in America, etc., pp. 23, 24.

on that theory, when it found its way back to the treasury the debt was extinguished, and the temporary function of the bill was performed. Under this theory the amounts originally issued each year were simply intended to meet the immediate needs of the government, and provision was made for their retirement in the next tax bill. The withdrawal from circulation, and the locking up in the hands of a treasurer, of large sums collected by taxation, is recognized as a serious disturbance to the circulating medium of a government, and various devices are to-day resorted to in order to prevent as far as possible the consequent reduction of the circulation. In a similar way, after the country became dependent for a circulating medium upon the amounts thus annually emitted, the sudden emission and the withdrawal each year of so large a proportion of the medium of trade must have created a serious disturbance in commercial affairs, and the cry of a scarcity of bills during the period of the year when the taxes were being collected was based upon a genuine want, even when the bills were most abundant. The increase in the amounts issued, the postponement of the periods for retirement, and the distribution of the withdrawals over several years, were only partial remedies for this evil. Confidence in the bills was based upon their ultimate withdrawal, and the greater the emissions the greater the taxes that must be levied to provide for their retirement. While this was evidently true, and while there were indications that pointed to a loss of confidence in the bills when the assembly failed to provide the promised fund for the withdrawal of an emission, yet it cannot be doubted, however paradoxical it may seem, that whenever a fund was called in for the purpose of redeeming the government promises and maintaining confidence in

the bills, it was expected that there would be an emission to fill the gap thus occasioned in the circulating medium.

The emissions in Massachusetts from 1702 to 1749 reached the sum of £4,634,700, while the withdrawals during the same period, including the £300,000 in 1749, were £2,814,900. It was doubtless to overcome the disturbance occasioned by this annual process of absorption and emission, that the system of distributing bills of public credit among the inhabitants, on loans secured by real estate, was resorted to. £310,000 was thus put out at different times. The first loan was to the Boston merchants who furnished supplies for the Quebec expedition in 1711. This was only a temporary loan, to enable them to carry the sterling exchange paid to them by the paymasters of the expedition, until it should be met in London. In 1714, when it was about to be paid, it was replaced by a loan of £50,000 to the inhabitants of the province. The first loan being for a specific purpose, and temporary in its nature, did not affect the price of silver, but the second seemed to mark a policy on the part of the government, and its emission is selected by Douglass as the point where silver began its flight. When the first instalment of this second loan fell due, in 1716, £100,000 were put out in a similar way, and this was followed by £50,000 more immediately after the last instalment on the first popular loan was payable, in 1721. When by the terms of these loans they should have been retired, a new loan of £60,000 was made, and doubtless this process would have been continued but for the interference of the Board of Trade. The meaning of the attempt is obvious. The assembly were seeking to furnish a medium for trade, which should

not be subject to the annual calls for retirement under which bills for government expenditures were issued.

Among the various experiments then made there were but two attempts to give these bills a credit based upon a promise that they should be paid in coin, the first being of little consequence, as it applied to only £1500 emitted in 1693.[1] The promise in this, as well as in the later and more important instance, was not on the face of the bill, but was in the act of emission, and in the second case was so worded that in practical operation it did not prove beneficial for the bills in question. The act under which the £9,000 in bills of the first new tenor were emitted in February, 1736–37, contained a provision for levying a tax in 1741, adequate for their retirement, payable not only in the bills themselves, but in old tenor bills or in certain produce. If by chance it should happen that any of these new tenor bills should be outstanding at any time after December 31, 1742, the possessor was to be entitled to receive from the treasurer for every six shillings and eightpence in these bills, an ounce of silver or the like value in gold. All of the first new tenor bills were issued with this promise of redemption in December, 1742, attached, and all of them were declared to be in value equal to silver at six shillings and eightpence an ounce, an estimate which was above the true rating of silver based upon sterling exchange, as has already been pointed out, and also above the rate at which the bills circulated, as appears from the discussions which subsequently took place in connection with the adjustment of debts. It may be necessary to recall to the mind of the reader, the following

[1] The delusive promises to be found in some of the later acts of emission, to the effect that the silver and gold which should be received for commodities turned in by tax collectors were to be held for the benefit of possessors of bills, were not entitled to grave consideration.

facts, which have already been fully set forth in chronological sequence in the narrative of events heretofore related. Their repetition here is necessary if we would group together facts of interest in economic study. The first of the new tenor bills were declared to be worth three times as much as bills of the corresponding denominations of the old tenor form, and were to be received by the treasurer on the basis of one of the new tenor for three of old tenor. In January, 1741–42, when the second new tenor form was first issued, the bills were rated in the act on the basis of one of the form mentioned in the act for four of old tenor, no provision being made in the act for their redemption in coin. From that time until December, 1742, the province saw circulating side by side two forms of bills, each declared to be equal to silver at six shillings and eightpence an ounce, one of these forms being rated in the statutes in old tenor, at a premium of 33⅓ per cent. above the other, and the bill that was at a discount having behind it a specific pledge for its redemption in coin within less than twelve months. It was also true that at the same time Rhode Island bills issued on twenty-year loans, to an amount vastly disproportioned to the resources of the colony, when compared with the relation of the Massachusetts bills to the resources of that province, were freely received at a premium above these first new tenor bills. It is possible that the discredit in which these bills were held during the spring and summer of 1742 was intentional, for the assembly, just in time to save the credit of the province, made provision for the exchange of such as were outstanding December 31, 1742, on terms nearly equivalent to their redemption in coin. Thus ended this absurd attempt to give credit to the public bills by promising to redeem

in silver and gold such as were outstanding after the fund provided for their withdrawal from circulation should be closed. How far it may have affected public opinion at the time, and prevented a more liberal and reasonable attempt at the establishment of a currency redeemable in coin on demand, must be a matter of personal judgment, but it will be admitted that this experience was capable of an interpretation in the hands of those hostile to such a movement which would have militated against any such experiment.

I have prepared and submit herewith a table[1] showing the various amounts annually emitted, inclusive of loans from 1702 to 1750. In parallel columns with these, the amounts retired each year and the amounts left outstanding are given, the withdrawals being made up on the assumption that the loans were called in when due. It is known that this was not the case, but it would be impracticable to attempt to follow these payments in detail. It is also known that the tax collectors were at times delinquent in their returns, so that the funds provided for the withdrawal of the bills were not collected according to the terms of the legislation, but in the long run these things took care of themselves.

During the entire period of the emissions, the impost and excise were regularly pledged for the protection of the bills of public credit, and during the latter part of the time, not only these, but all public dues were thus pledged. No recognition is had in the tax levies of the effect of the impost and excise upon the retirements, until 1714, and it might seem that this fact would be fatal to the value of the table. As a matter of fact, when the table was originally constructed, it was not expected that it would yield results of value concerning

[1] See Appendix.

the circulation, the sole object of its preparation being at that time to ascertain when and to what extent the assembly were delinquent in the redemption of their pledges for the retirement of the bills. An examination of the subject, however, revealed the fact that from time to time there were apparent adjustments of these matters, including therein a part at least of the interest money derived from the loans. Inasmuch as the province did not derive direct benefit from some of these loans, their influence upon the revenue is proportionately reduced. After 1714, questions concerning the effect of public dues upon the circulation can no longer be raised, since in the tax levy, allowance is made each year for the amount expected to be received from these sources. In 1706, the tax levy fell short of the funds pledged by £3,500 and it was stated that the impost and excise were relied upon to make this amount good. In 1710, it was stated that the treasurer's accounts showed that the pledged impost and excise funds exceeded the bills then outstanding by £11,000.[1] Of the funds then pledged there were £11,000, due in 1709, £11,000 due in 1710, £11,000 due in 1711, and £11,000 due in 1712, for which no taxes were levied. Beginning with 1714, a certain amount was estimated each year as the probable contribution of these special taxes towards the revenue of the province, and this was deducted from the sum of the funds pledged for that year. The remainder was the sum to be laid as a province tax. To meet deficiencies £3,572 3*s.* 1*d.* interest money was appropriated in 1716,[2] and again, in 1718, £13,250 was levied for the same purpose. In 1739, and again in 1741, no tax was levied. Funds were pledged for these years, £37,500 in 1739,

[1] Acts and Res. Prov. Mass. Bay, vol. 1, p. 668.

[2] *Ibid.*, vol. 2, p. 33.

and £27,000 in 1741, and if no special apportionment should be made by the assembly when the funds became due, the treasurer was authorized to levy the taxes, making use for that purpose of the last previous apportionments. There can be but little doubt that the treasurer acted under this authority, for in January, 1742, the assembly laid new funds for the bills outstanding, alleging in the preamble of the act through which this was accomplished that there were then outstanding £100,125. The several funds representing this amount can be easily identified. They do not include the funds of 1739 and 1741, and they agree perfectly with the running account kept by the assembly in their tax levies, if it be assumed that the impost and excise took care of the balance not provided for by taxation before 1714. There is still one other complication which is yet to be considered, that which arose from delinquencies. It is known that at times the collectors were greatly in arrears in their returns, but it may be inferred that Shirley, when he set himself to work to cure this evil, was able practically to do so. In 1746, £32,000 were appropriated to cover deficiencies and from these various deficiencies, appropriations, and separate adjustments, it may be concluded that a table of this sort will furnish an approximate view of the course of the currency inflation. The destruction of the account books of the treasurer in the fire of 1747, will probably prevent any more satisfactory method of obtaining information on this point from being adopted.

The emissions in the table are procured from the acts and resolves of the General Court. The tax acts furnish the withdrawals or retirements. The figures to be obtained from this table correspond approximately in their final result with those given by contemporary wri-

ters as to the amount outstanding in 1749. There are some fragments of treasurer's statements and some committee reports showing the amounts outstanding at different dates. These reports require examination before they can be applied to test the accuracy of this table. The treasurer was apparently accustomed to charge himself with all bills which were emitted against future funds, but the bills intended for loans he charged to the commissioners of the loans, and they made their reports direct to the assembly. The treasurer's reports, therefore, as to the amount of bills outstanding at any given date require correction by the addition of the loans then outstanding to the net amount with which he stands charged after having deducted from the emissions the credits to which he was entitled.

The diagram setting forth the disappearance of the silver circulation of the province and the line of growth of the currency shows also the corresponding movement which took place in the price of silver, all values being stated in the old tenor currency of the province.[1] If, when these bills were first emitted, the claim was well founded that there was need for an addition to the circulating medium, it might have been possible to maintain the bills at par until the bills and the silver then in use were in excess of the trading wants of the province. The circumstances of the province necessarily controlled and limited its trading capacity. A greater amount than was needed could not have been kept in circulation. Hence the maintenance at par of an adequate substitute for the silver could only have been attained by the displacement of that metal. If the currency had remained at par up to the point suggested, there would have been no necessity for considering the relations of the increase

[1] See Appendix.

of the currency to the decrease of the silver. Each emission of bills would have required the displacement of a corresponding amount of coin in order that it should circulate. As a matter of fact, however, the rise of silver began almost as soon as the province adopted a form of bills of its own. Up to 1702, use was made of the colony bills, to meet by emissions the extraordinary wants of the province. The adoption at that date of a form of bill specially adapted to the use of the government was a practical announcement that the policy of emitting public bills was to be continued, and was followed so promptly by a rise in silver that the quotation in 1704 shows an advance of a shilling. The displacement of silver was apparently slower in taking effect, so that it would appear that the bills increased slightly the purchasing capacity of the circulation for a few years.

The rise in silver in 1705, which is recognized by Winslow in his table, occurred at a time when quotations are difficult to obtain, and are not harmonious in character. It was in the spring of that year that the council endeavored to secure the passage of an order that no money should pass by tale but what was of due weight according to her Majesty's proclamation, while light weight coins and plate of sterling alloy were to pass at seven shillings per ounce. In this the council failed and they secured from the representatives, as a recognition of the proclamation, only the concession that light weight coins, etc., should pass and be good in payments by the ounce Troy *pro rata* until the end of the session.[1]

In 1706, however, according to Douglass, "the courts of judicature, chancered silver to 8*s.* per oz. in satisfying of debts, being nearly after the rate of 6*s.* a light piece

[1] See p. 371, ante.

of eight then current." This was a recognition of the well established fact that there were no full weight coins then in circulation,[1] and since the depreciation had been imposed upon the silver in circulation, through the permissory currency of light weight coins, it enabled the paper money of the province to remain for a time nominally at par. Douglass says, in continuation of what has just been quoted, "At this rate Silver and Province Bills continued at Par until A. 1714." This par was, of course, delusory, since it was not measured in full weight coin. Professor Sumner says, "In 1700–12 in New England, silver was at 8 shillings per ounce, which meant that the current piece of eight, assumed sterling, weighed 360 grains. Par of exchange was about 155."[2] At a later date even the light weight money fled, and then came the resort practically to the rate fixed by the statute of 1697, for the piece of eight, for a standard by which to measure the discount of the paper money in circulation.

The graphic delineation of the disappearance of the silver[3] is based upon the statement of one of the pamphleteers of the day as to the amount of silver required for the trade of New England,[4] and the assertions of Dr. Douglass that there were 219,000 oz. still remaining in circulation in 1713, which had entirely disappeared in

[1] Prof. Sumner gives several references upon this point in his article in the *American Historical Review*, July, 1898, p. 614. The author of The second part of South Sea stock, etc., says, p. 15: "Before our paper-money, or rather after the coming out of some of it, we fell into a very great disorder relative to our silver money. When it was brought to go by tale, evil minded men made a trade of clipping, rounding, fileing and debasing the money; and by that means our paper bills in some measure lost their credit, being equal but to that light money then passing."

[2] *American Historical Review*, July, 1898, p. 618.

[3] On the diagram showing the movement of silver. See Appendix.

[4] The second part of South Sea stock, p. 22.

1718.[1] Since the disappearance of silver was practically simultaneous throughout New England, the only effect of adjusting this representation to the proportion in use in Massachusetts alone, would be to reduce slightly the area included between the two curves. The main features would be the same.

With regard to the time of the disappearance of silver, it is not improbable that the £100,000 loan at the end of 1716, following so closely the £50,000 loan of 1714, caused the coin to be hoarded in 1717. Then came the process of adjustment, through which the silver rate reduced to its just proportion a paper medium having a nominal valuation in excess of the trading needs of the province. When distrust and lack of confidence added the force of their weight, this reduction actually brought the purchasing capacity of the bills in circulation, notwithstanding the great excess of their denominational value, below the amount formerly deemed essential for the use of the province.

By reference to the table showing the coincidences between certain movements in the price of silver and emissions of large amount by this province and the colony of Rhode Island, the dates of some of the Rhode Island loans can be obtained. A glance at the diagram will disclose the effect of these emissions, but it is desirable for the full appreciation of this effect, to take note of certain facts in connection with affairs in Massachusetts at the same time. A contemporary writer[2] says, in 1740, that the highest point which the Massachusetts currency had then reached was in 1721. This statement would be true, if no consideration were had of the loans made about that period, but when these are

[1] A discourse concerning the currencies, etc., p. 29.

[2] An inquiry into the nature and uses of money, p. 9.

borne in mind, the culminating point prior to 1741 would seem to have been in 1726. The necessity of including the emissions of the other governments, if we would deduce any law from the subject under consideration, is forcibly illustrated by the divergence, between 1727 and 1741, of the lines which mark the currency volume on the one hand, and the silver rate on the other. Under pressure from the Board of Trade, the provinces of the Massachusetts Bay and New Hampshire were not only prevented from further increasing their bills of public credit during this period, but were actually compelled to reduce the amounts in circulation. Meantime Rhode Island had flooded the province with emission after emission of public bills, some issued upon funds, but nearly all loaned out at interest for terms varying from ten to thirteen years, and then to be liquidated in annual instalments covering ten years more. Of these bills there were £340,000 outstanding in 1741, the greater part of which were in circulation in Massachusetts. Owing to their presence, the assembly of this province had witnessed the silver rate advance from 16*s.* in 1727, to about 29*s.* in 1741, in the face of the fact that the circulation of their own public bills had been reduced from £396,000 in 1726, to £229,000 in 1741. The purchasing capacity of the bills of the province in circulation, rated in silver at 6*s.* 8*d.* per ounce, had through these causes been reduced from £165,000 to less than £53,000. Attempts had been made, without success, to prevent the circulation of the bills of the neighboring governments. The colony of Rhode Island was drawing a revenue from the interest of the loans. The borrowers were able, in turn, to lend in Massachusetts the public bills which they thus secured, at a higher rate of interest than that charged by the lender, so that

they also made a profit. The privilege of obtaining shares in these loans commanded a ready sale at a premium. To all of this the people of the province of the Massachusetts Bay had to submit, through the obstinacy and stupidity of the traders, who insisted upon giving currency to the Rhode Island bills.

The rate of silver should naturally have gone in 1748 above seventy shillings, but the belief that the expenses of the Cape Breton expedition would be reimbursed must have held it in check. Certainly this must have been the case after the passage of the act in January, 1748–49, providing for the future redemption of the bills, if the coin should be received by the province, in settlement of the claim for reimbursement. Furthermore, this act contained arbitrary measures for the prohibition of the circulation of the bills of the other governments, and this again had a tendency to reduce the silver rate.

The addition of another line to the diagram, showing the volume of the entire currency in circulation, including the contributions of the other governments, might perhaps have added to its interest. It will not be difficult, however, to make use of the figures heretofore given to obtain an approximate result of this sort. In its present shape, the diagram brings forth vividly the peculiar condition of this province, just prior to the inflation under Shirley, when suffering vicariously for the sins of Rhode Island. The province had responsibilities enough of its own to bear in this connection, and it is well that so much of the burden as can be lifted shall be deposited where it belongs.

CHAPTER XXI.

THE CURRENCY AND THE POLITICS OF THE PROVINCE.[1]

No person who has read the chapters in which were narrated the struggles between the representatives and the royal governors in regard to the currency, can have failed to see how important a part this controversy bore in the development of the strained relations between the legislative and executive branches of the government, which paved the way for the assertion by the people of what was then frequently termed "independency." The inhabitants of the province through these discussions were led to criticize the attitude of their rulers; to oppose the royal instructions, and to uphold their representatatives in their opposition to the crown officers even in cases where the grounds of this opposition were not clearly defensible. "The people of America," says John Adams,[2] "had been educated in an habitual affection for England as their mother country; and while they thought her a kind and tender parent (erroneously enough, however, for she never was such a mother) no affection could be more sincere. But when they found her a cruel Beldam, willing like lady Macbeth, to 'dash their brains out,' it is no wonder their filial affections ceased and were changed into indignation and horror."

"*This radical change in the principles and opinions, sentiments and affections of the people, was the real*

[1] The discussion of the relation of the currency to the politics of the province, forms the subject of a paper read before the Colonial Society of Massachusetts, which is substantially reproduced in this chapter. See publications of the Colonial Society of Massachusetts, vol. 6.

[2] "Novanglus and Massachusettensis," etc., Boston, 1819. Letter to H. Niles [editor of the *Weekly Register*], February 13, 1818, p. 233.

American Revolution." If we eliminate the exaggerated violence from this statement, no person will be disposed to deny the truths which it contains. The existence during the first half of the eighteenth century, of a strong feeling of loyalty on the part of the colonists can not be doubted, and it is obvious that so complete a change as was implied in the conversion of a loyal people full of affection for the mother country, to the state of mind which could tolerate the thought of armed resistance must have been brought about by some slow process. A writer who has recently made a careful study of the functions of the provincial governor has expressed a thought somewhat akin to this in the following language:[1] "Rightly then to understand the deeper forces which produced the war of independence, one must understand the gradual growth of that sense of divergent interests without which all the political agitation of Samual Adams, the eloquence of Patrick Henry, and even a few injudicious measures of British statesmen from 1760 to 1774, could hardly have led to revolution. Nowhere can this gradually awakening consciousness of divergence, so far as it reveals itself prior to what is commonly called the revolutionary era, be better studied than in the conflicts between the provincial governor and the provincial assembly." This divergence of interest had existed from the beginning and was inherent in the English conception of the functions of a colony. The various commercial companies which had been established in England for the purpose of colonization, were all of them founded in the thought of gain. This might be of two sorts, gain to the stockholders, or gain

[1] Harvard Historical Studies, vol. 7. The provincial governors in the English colonies of North America, by Evarts Boutell Greene, New York, 1898, p. 205.

to the country at large. So far as the early American adventures were concerned they were invariably disastrous to the capitalists who fostered them, but whatever the result to the colonists or to the company, the sole interest taken by the government rested upon the gain present or prospective to be derived from the enterprise. No thought was given to the possibility that the colonists might have other interests than such as were directly contributory to the welfare and prosperity of the mother country. Long after the number of the inhabitants of the colonies of North America had risen to hundreds of thousands, when generation after generation had been born in the colonies and had lived and died there without personal knowledge of the trans-Atlantic kingdom, the rulers of which claimed the right to direct the affairs of their governments, they were still treated as if they were merely temporary sojourners, whose ultimate interests were vested in Great Britain, and who would endure arbitrary trade regulations, and submit to narrow commercial restraints, because the same were supposed to be for the benefit of the distant government, of which they knew nothing except through its representatives in their midst. They were of the realm, but not in the realm. They were subjects, and when in England had the same rights as Englishmen, but the laws which were made by parliament for the regulation of trade and commerce, and at a later date of colonial manufactures, like much of the penal legislation on the statute books at that time, were so unjust that many of them were incapable of enforcement. At the outset there was no precedent by which either the colonists or parliament could determine what power parliament actually held over the colonies. In 1678, the General Court, answering sundry objections which had been

raised by the Lords of the Committee to their legislation, said: "That for the acts passed in Parliament for incouraging trade and navigation, wee humbly conceive according to the usuall sayings of the learned in the lawe, that the lawes of England are bounded w^th^in the fower seas and doe not reach America." The next sentence, as this is punctuated, begins, "The subjects of his Maj^tie^ here being not represented in Parliament."[1] This obviously forms a qualifying clause of the previous sentence, explanatory of the cause why they thought that the laws of parliament did not apply to them. Parliament, having the power, decided the question in its own behalf, and in this decision the colonists acquiesced. In consequence the doctrine of no taxation without representation lay dormant until revived by James Otis, who declared that "the parliament of Great Britain has an undoubted power and lawful authority, to make acts for the general good, that by naming them, shall and ought to be equally binding, as upon the subjects of Great Britain within the realm." It was from and under this very power, and its acts, and from the common law, he asserted, that the political rights of the colonists were derived. One of these was, he claimed, that which had been asserted by the General Court in 1678.[2] The restraints imposed upon commerce and trade were a far greater threat to the ultimate prosperity of the colonies than could be found in such parliamentary legislation as the stamp act and the Townshend tax act, the passage of which aroused such a storm of indignation just before the revolution. John Adams lays bare the secret of this endurance when he says, "These acts

[1] Mass. Col. Rec., vol. 5, p. 200.

[2] The rights of the British colonies asserted and proved. By James Otis, Esq., p. 49.

[the trade acts] never had been executed, and there never had been a time when they would have been, or could have been, obeyed."[1] The voluminous reports and complaints of Randolph, forwarded to the Board of Trade and to his friends in England, when he was vainly attempting to enforce the navigation act in Boston, bear testimony to the entire truth of this assertion in the days of the colony. In addition to that evidence, we have the admission of the Privy Council that they knew that this was the case. In a letter to the governor and company of Massachusetts, dated October 21, 1681, they say: "We appointed Edward Randolph collector of our customs in Massachusetts, to check the breaches of the acts of trade and navigation frequently practised and connived at therein. We are well satisfied that Edward Randolph has discharged his duty with all diligence and fidelity, yet, because unlawful trading is countenanced by you, all his care has been of little effect."[2] So far as the collection of revenue, in the days of the province under the trade acts, is concerned, an advocate of the new system said in 1765, "the whole remittance [of collectors] from all the colonies at an average of thirty years has not amounted to £1,900 a year,"[3] and again: "Such has been the disregard of all revenue laws in America, that this has produced hardly anything, tho' the commodity has been imported all the time in great quantities."[4] Smuggling was so constantly car-

[1] Novanglus and Massachusettensis, p. 245.

[2] Calendar of state papers. Colonial—America and W. Indies, 1681–1685. No. 264. See also publications of the Prince Society, Edward Randolph by Robert Noxon Toppan, vol. 3, p. 111, where the letter is given with some differences of phraseology.

[3] The regulations lately made concerning the colonies and the taxes imposed upon them considered. London, 1765, attributed to George Grenville, p. 57.

[4] *Ibid.*, p. 79.

ried on and the navigation laws were so openly evaded, that testimony to that effect is hardly needed, but if it were, this author furnishes the evidence. "Ships," he says, "are continually passing between our plantations and Holland, Hamburg, and most of the ports in the German ocean, and in the Baltic."[1] "Foreign goods are," he adds, "illegally run into the colonies in value to no less than £700,000 per annum, which exceeds by far the value of those foreign goods that are conveyed thro' Great Britain."[2] So long as this was the case, it mattered but little to the colonists that the avowed purpose of the act for the encouragement of trade, while it asserted that the plantations were peopled by subjects of the kingdom, was for keeping those subjects "in a firmer dependance" upon that kingdom.[3] Assertions of that sort, or even the passage of acts imposing duties upon molasses, the collection of which would have destroyed the trade of the New England colonies with the West Indies, were of little consequence so long as such assertions were mere words and such acts were not enforced. This was, perhaps, not fully appreciated in England. It was known that the laws were on the statute books, but the extent to which they were ignored in the colonies was not generally comprehended. Lord Mansfield, rehearsing in parliament the evidences of the dependent condition of the colonies, unconsciously betrayed the utterly incorrect opinion regarding the relationship between such dependencies and the parent government which then prevailed. "The navigation act,' 'he

[1] The regulations lately made concerning the colonies and the taxes imposed upon them considered. London, 1765, attributed to George Grenville, p. 92.

[2] *Ibid.*, p. 93.

[3] 15 Charles II, 1663, ch. 7, § 5.

said, "shut up their intercourse with foreign countries. Their ports had been made subject to customs and regulations, which have cramped and diminished their trade; and duties have been laid affecting the very inmost parts of their commerce. Such were the post-office acts; the act for recovering debts in the plantations; the acts for preserving timber and white pines; the paper currency act. The legislature have even gone so low as to restrain the number of hatter's apprentices in America, and have, in innumerable instances, given forfeitures to the king. Yet all these have been submitted to peaceably, and no one ever thought till now of this doctrine, that the colonies are not to be taxed, regulated or bound by parliament."

Forcible as is this complacent recital of the wrongs which parliament had intended to inflict upon the colonies, it is but partial and incomplete, but it was one of the signs which enabled the colonists to realize that the spirit remained the same and that apparent moderation merely meant that the old policy of rigid laws and loose enforcement was to be superseded by legislation specifically for revenue, less arbitrary in its nature, but more practical in character. "In other countries," says the author from whom several quotations have already been made, "custom house duties are for the most part little more than a branch of the revenue. In the colonies they are a political regulation, and enforce the observance of those wise laws to which the great increase of our trade and naval power are principally owing. The aim of these laws is to confine the European commerce of the colonies to the mother country; to provide that their most valuable commodities shall be exported either to Great Britain or to the British plantations, and to secure the

navigation of all American exports and imports to British ships and British subjects only."[1]

The full measure of what is involved in the foregoing extract was not perhaps fully appreciated at that time in Massachusetts, but it was felt that laws, the nominal purpose of which was to raise revenue, were for the first time about to be actually enforced through a powerful custom house regime, and it was then that the country was alarmed and that the spirit of opposition asserted itself in the overawing of the officers appointed to enforce the stamp act, and in the destruction of the tea in Boston harbor. The revival of the policy which sent Randolph to Boston, brought with it a renewal of the tactics which were employed to defeat his efforts.

The prosperity of the province depended largely upon its shipping, but the community was self supporting and there was a large agricultural population whose interests were affected only in an indirect manner by restrictions upon trade and manufactures, and taxes upon imports. It is easy to understand why a belief that the government was about to enforce the various restrictive laws and acts for revenue should have aroused those who were directly interested in commerce, but some explanation is required for the sympathy of the agricultural community and the alertness with which they accepted the new attitude of parliament as one hostile to their interests. This is to be found in the prolonged conflicts between the assembly and the royal governors, especially that upon the subject of the currency, which had awakened universal interest throughout the province, which had created a feeling of hostility to the representatives of the crown, and which had in a great measure crushed the sentiments

[1] The Regulations lately made, etc., p. 88.

of loyalty and affection of which so many writers speak. Thus the state of mind was produced which John Adams denominated "the real American revolution."

The representatives had taken care throughout these discussions to keep their constituents in close touch with their disputes, by constant appeals for instructions to the selectmen of the towns, and thus farmers, tradesmen and laborers were taught provincial politics. Bancroft, speaking of the controversy over Dudley's salary in 1702, says: "Here began the controversy which nothing but independence could solve." This, however, does not date the beginning of the controversy far enough back. Phips wanted a salary as well as Dudley, but this was refused him, and under the guidance of Elisha Cooke the stand then taken upon the salary question was one of the steps in the great struggle which by slow degrees developed ultimately into the assertion of independence. At first it was a mere conservative attempt to preserve under the new charter such of the rights to which the colonists had been accustomed under the former charter, as could be maintained. Among those who were trying to save some of the principles of independent action which had characterized the government organized under the first charter, there were some who saw in the dependence of the governor upon the assembly for his compensation, a weapon which would be available in case of contest, and it was owing to their foresight that the settlement of a salary upon the governor was avoided. Compensation was freely granted to the governors and lieutenant governors, but never in the form of a salary. The chronic disputes upon this point were closely interwoven at times with questions connected with the supply bills, and in the interchange

of messages the plainest of language was used on both sides, as to what ought to be done; what would be done, and what would not be done. The situation in which Dummer found himself in 1727 and 1728, the hitches that then occurred in connection with the various schemes suggested for securing a new supply of bills of public credit, and finally the charge made by Burnet that the assembly had used their control of the salary question to secure the assent of the lieutenant governor to an emission of the currency, have been heretofore alluded to. The fact that such a charge was made, sufficiently illustrates the character of the controversy and shows its close connection with the subject which occupies our attention. We have seen that Burgess sold to Shute, for the sum of £1,000, the influence which controlled the appointment of the provincial governors. Tailer, the lieutenant governor appointed at the same time with Burgess, failed to secure a new commission under Shute, for the reason that he was an advocate of the private bank. This practical demonstration of the close relation of the currency question to the politics of the province in 1714, compelled Hutchinson to give it attention and he devotes considerable space in his narrative to a development of this fact.[1]

Thomas Hutchinson, Sr., was then in the council and belonged to the small minority "which was for drawing in the paper bills and depending upon a silver and gold currency." Tailer, the lieutenant governor, "a gentleman of no great fortune, whose stipend from the government was trifling," engaged in the cause of the private bank founded upon the project published in London in 1684, with great zeal. A third party, though opposed

[1] History of Massachusetts (edition of 1795), vol. 2, pp. 188, 189.

to this private bank, favored the emission of public bills of credit on mortgage loans, and the hard-money minority, driven to a choice of evils, threw their lot in with those who favored this plan, in order to defeat the private bank. "The controversy," says Hutchinson, "had an universal spread and divided towns, parishes and particular families."

The settlement of the specific question at issue in this contest, by the triumph of the party in favor of "the public bank," through this combination with the advocates of a specie currency, merely diverted the discussions between the governor and the assembly to other topics. It was maintained with intermittent vigor under each of the representatives of the crown who chanced to be at the head of affairs, its energy and virulence being largely determined by the character of the governor or lieutenant governor for the time being.

One point which was frequently under discussion during this period, had the effect of keeping constantly before the people the question of their rights under the charter, and the possibility of those rights being invaded. The subject of discussion referred to was the extent to which the assembly could be brought under the control of royal instructions. It is true that no direct efforts were made by the crown to instruct the assembly how it should legislate, but indirectly through instructions to the governors to secure the passage of certain laws and not to approve others, it was sought to influence legislation. That which was not desired could be absolutely prevented from taking effect, since all laws were subject to the approval of the governor and were also submitted for approval or rejection to the Privy Council. This power of control rendered the royal instructions of great moment to the assembly, but inasmuch as they

were seldom communicated to that body, except in cases of emergency or under pressure, they were not treated with much respect, even when specific knowledge of their character was furnished by the governors. The instructions were subject to interpretation, and the representatives appeared to think that in the exercise of the power of interpretation, the governors could make the instructions plastic enough to fit every emergency. When the council advised the governor that the instructions would not permit him to sign a bill involving the emission of currency, the house said: "We cannot but please ourselves, had a more general and proper question been put they had given their advice to your Honor to sign the bill." At another time they thought the difficulty lay in the "instructions as now understood and improved by his Excellency," and the same idea is involved in the request of the council that the governor would "take such measures that he may be enabled to give his consent to the said bill as soon as may be." When the representatives asserted that if they did "not struggle in every way to maintain and preserve their liberty they would act more like vassals of an arbitrary prince than like subjects of King George, their most gracious sovereign," we need to be told that the subject under discussion was a royal instruction from that most gracious sovereign to fully appreciate the force of the statement. The provincial courts of law did not hesitate to disregard such instructions when in their judgment they contravened the rights of the litigants or the courts under the charter,[1] and the agents of the province at London did not scruple to advise the assembly that it was better to force parliament to inter-

[1] The case of Frost vs. Leighton, *American Historical Review*, January, 1897.

vene than to submit to instructions which invaded the rights of the people. "Of what value," said Wilks and Belcher in 1729, "is the Charter if an instruction shall at pleasure take away every valuable part of it? If we must be compelled to fix a salary doubtless it must be better that it be done by the Supream legislature than to do it ourselves; if our liberties must be lost, much better that they be taken away, than we be in any manner accessory to our own Ruin."[1]

When the attempt was made in 1749 to secure the enforcement of royal instructions in the colonies, through parliamentary legislation in connection with the currency, William Bollan said to a committee of the House of Commons, "This bill by the matter therein contained, providing for the enforcement throughout the colonies, of royal orders and instructions, would practically approve all future orders of future princes, no matter how repugnant they might be to the present constitution of Great Britain, and all such orders, if the bill should become a law, would receive the sanction of parliament. Royal orders, no matter how illegal except for this bill, would through its agency when ratified and enforced by it, themselves become laws and necessarily bind the people." It is to the credit of parliament that it listened to Bollan and rejected the clause in the law concerning which he was arguing, but the discussion revealed possibilities to which the eyes of the people were gradually opening. We certainly have hints here of a progressive change in the opinions of the people of the province as to certain methods of the royal government which indicate an alienation of their affections and which if not radical enough to mark the epoch of the "real Ameri-

[1] Mass. Bay House Journal, June 27, 1729.

can Revolution," at least point out a steady tendency towards the state of mind which would render it possible.

In 1740, under the influence of the fear of a stringency of the circulating medium, created by the instructions to the governors to compel the withdrawal of the greater part of the currency, the Land Bank originally proposed in the province in 1714, again raised its head.[1] Hutchinson, speaking of the house of representatives then in power, says, "it appeared that by far the majority of the representatives for 1740, were subscribers to or favorers of the scheme, and they have ever since been distinguished by the land bank house."[2] With great caution he adds further on "Perhaps the major part, in number, of the inhabitants of the province, openly or secretly, were well wishers to it."[3]

The situation at this time has already been fully set forth. The capitalists and hard money men, powerless to control the public sentiment which was so manifestly in favor of this ill-founded scheme, powerless also as they found upon trial to accomplish anything through their counter-scheme, the silver bank, appealed to parliament. "The authority of Parliament," says Hutchinson, "to control all public and private persons was, in that day, questioned by nobody," and he adds that the application for an act to suppress the company was very easily obtained. Too easily, alas! for those who knew all the circumstances of the case, ever again to believe that

[1] The discussion of the relations of the land bank controversy to the politics of the province, deals with facts concerning which the reader would be compelled to turn to the detailed account of the career of that company, given in Part II of this work. It seems impossible, however, to divide the subject and it has, therefore, been determined, in spite of the above fact, to present the matter in full at this point.

[2] History of Massachusetts (edition of 1795), vol. 2, p. 353.

[3] *Ibid.*, p. 354.

parliament could be trusted to legislate for the colonies. Any man who could read could see that the Act of the 6th of George I, chapter 18, did not by its terms apply to the colonies. So that every intelligent person in the province must have understood that a great wrong was done in thus declaring that the organizers of the land bank came within the scope of that drastic measure. Some persons in the province at that time knew that the law officers of the crown had been consulted and that they had rendered opinions that there was no existing law under which such an experiment in banking could be reached. There were some who knew that the New Hampshire merchants' bank had actually met with approval by the Board of Trade, and yet when the opportunity came for applying this doctrine to men in Massachusetts engaged in an enterprise of similar nature, their acts were discovered to be no longer legal and permissory, but had in some strange way become criminal and abhorrent. A law which could not have been interpreted as reaching to the colonies was declared to have originally applied to them, to have been constantly in operation there and to be at that time in full force in the province of the Massachusetts Bay. The majority of the house of representatives, the majority perhaps of the people of the province, were converted by this act from innocent law abiding citizens either into actual violators of the law liable to criminal process, or into what was nearly as bad, avowed sympathizers with others who were thus situated. How this was looked upon by those who believed in the power of parliament to legislate as it pleased concerning the colonies is disclosed by Hutchinson in the following words: "It was said the act of George I. when it passed had no relation to America; but another act twenty years after gave it force, even

from the passing it, which it never could have had without. This was said to be an instance of the transcendent power of Parliament." [1] At the time when Hutchinson thus glibly wrote of an act giving force to a previous one "even from the passing it, which it never could have had without," he had abundant reasons for comprehending that something had aroused the people of Massachusetts, and it is difficult to comprehend how he or any other inhabitant of the province could have calmly contemplated legislation of this character. It must be borne in mind however that the capitalists and intelligent business men were then in a state of heated indignation and were prepared to avail themselves of any method which presented itself for the suppression of the land bank. There were some however who understood that the influence of these proceedings upon public sentiment was far reaching and important. The subscribers to the land bank, believing that they had a perfect right to proceed were loath to recognize the parliamentary act and reluctantly consented to liquidate the affairs of the bank. Many of them were apparently ready to resist the enforcement of the law, but wiser counsels prevailed and partly through the voluntary acts of the subscribers, partly through provincial legislation, the bank was wound up. Under the act of parliament, every act performed by the subscribers to the land bank under their organization was null and void. In order to close up the bank, it was absolutely necessary to recognize the obligations of the company and in turn those given to the company by the subscribers. Thus by provincial legislation passed for the purpose of effect-

[1] History of Massachusetts (edition of 1795), vol. 2, p. 355. See also "Previous legislation a corrective for colonial troubles." Pub. Col. Soc. of Mass. vol 6.

ing the object aimed at by the act of parliament, the act itself was swept aside. This paradoxical proceeding was referred to by Samuel Adams in a reply on the part of the house of representatives to the speech of the govenor on the second of March 1773. "The act of Parliament," said Adams, "passed in 1741, for putting an end to several unwarrantable schemes, mentioned by your excellency, was designed for the general good; and, if the validity of it was not disputed, it cannot be urged as a concession of the supreme authority, to make laws binding on us in all cases whatever. But if the design of it was for the general benefit of the province, it was in one respect, at the least greatly complained of, by the persons most immediately affected by it; and to remedy the inconvenience, the legislative of this province, passed an act directly militating with it; which is the strongest evidence, that although they may have submitted, *sub silentio*, to some acts of parliament, that they conceived might operate for their benefit, they did not conceive themselves bound by any of the acts, which they judged would operate to the injury even of individuals."[1]

When this act was passed John Adams was a mere boy of about six years of age. The ceaseless passage of

[1] Bradford's state papers. Speeches of the governors of Massachusetts from 1765 to 1775, and the answers of the house of representatives to the same, etc., etc. [Edited by Alden Bradford.] Boston, 1818, p. 394. The transcendent power of parliament, which was partially set aside by the General Court in 1743, which was disputed by Samuel Adams in 1773, and which was submitted to the arbitrament of the sword in the revolution, was claimed by the counsel for the defendant in Philips v. Blatchford (137 Mass.), to still have force in Massachusetts. His brief recites the passage of the acts of 6 George I and 14 George II, quotes from the State Constitution the clause which continues in force existing laws until repealed, and concludes: "This law, established by the express command of the Sovereign, and, on the change of the government, confirmed by the new Sovereign, is the law to-day."

the years bore him on to a period of life when he took an interest in public affairs, and still the protracted legislation and litigation connected with the the closure of the land bank occupied the attention of the assembly and of the courts of law. When he speaks of the effect of these proceedings upon the popular mind, he furnishes testimony which may be accepted as that of one in close touch with these events. His measure of their importance stated in the following language leaves no doubt of his opinion upon that point: "The act to destroy the land bank scheme raised a greater ferment in the province than the Stamp act did."[1] We seek in vain for any recognition by historians of the political importance of these events, at all proportionate to that to which they were entitled, if we may accept the above expression of opinion as even approximately true. Minot merely gives an outline of the scheme and of the events connected with its history.[2] Bancroft contents himself with a few quotations from Hutchinson.[3] Hildreth gives a brief sketch of the land bank and says that the act extending the Bubble act to the colonies "was denounced in Massachusetts as an interference with the provincial charter, and in South Carolina as a violation of provincial rights." He also refers to the fact that "earnest efforts on behalf of these unfortunate speculators, of whom his father was one, first introduced into politics Samuel Adams, afterwards so celebrated."[4] Barry, deals with it in the briefest possible way and adds "and threats of civil disturbance were made if its operations

[1] Novanglus and Massachusettensis, etc., p. 39.

[2] Continuation of the history of the province of the Massachusetts Bay from the year 1748, etc., by George Richards Minot. Boston, 1798, vol. 1, p. 89.

[3] History of the United States, Edition of 1841, vol. 3, p. 389.

[4] History of the United States of America, vol. 2, pp. 380–381.

were suspended."[1] Palfrey's sympathy with those who were opposed to the land bank, blinded his eyes to what had actually taken place. He saw that the project had usurped a prominent position in politics, but evidently regarded it as local and temporary. His satisfaction at the closure of the scheme is shown in his epigrammatic statement of the result of the application to parliament: "The land bank was caught in its own devices."[2] No person who fully appreciated what had taken place could have thus epitomized the proceedings which followed the action of parliament. It will be seen that Hildreth alone seems to have been upon the verge of a complete understanding of the political value of these experiences. We can see that the preposterous legislation of parliament although incapable of practical enforcement, was made use of as a blind behind which laws which violated its terms were passed to accomplish its purposes. Its evasion by the assembly brought the question of parliamentary supremacy under discussion. The enforcement of the provincial laws passed to put it in practical operation although acquiesced in by the capitalists and the solid men of the community on account of the good thereby to be accomplished, was not secured without arousing indignation and hostility throughout the province.

"It is supposed," wrote one of the pamphleteers of the day, "that there will be about one thousand subscribers, who in their station of life must have an intercourse of business or dealing interwoven with ten thousand more." "Many towns," wrote another, "take the notes in trade, besides paying their town and ministerial rates with it, at least in part." As we look over the list of directors

[1] The History of Massachusetts, vol. 2. The Provincial Period, p. 132.

[2] History of New England, vol. 4, pp. 551–552.

we see the name of Samuel Adams, and in later reports of committees his estate is classed among the delinquents. It is known that the harassing proceedings taken against the estate of the father were a source of annoyance and trouble to the son. Adams's defiance of the sheriff who was trying to levy upon that estate was published in the *News Letter* in 1758. Who shall measure the effect of these proceedings upon the mind of the future inspirer of the committees of correspondence, the indefatigable and persistent leader in the revolutionary movement? The success of this movement is largely attributed to these committees of correspondence. Who can doubt that the idea of thus arousing the people and keeping them in touch with the contest, took its root in the frequent appeals to the select men of the towns made by the representatives during these prolonged discussions? Who can fail to see that the land bank if it had been left alone, would have collapsed in a few months through its own inherent weakness? Yet parliament too impatient to wait for this, and too anxious to secure the prompt closure of the scheme to scrutinize the methods by which it should be accomplished, sacrificed its reputation for consistency and justice, and in its haste and impatience to crush the land bank resorted to means which then aroused the indignation of this great number of interested persons and which can not fail to create the same feelings in the mind of the disinterested reader to-day. As we rehearse these events who can doubt the instrumentality of the currency discussions, the conflicts between the governors and the representatives and the appeals to the select men for instructions, in creating that state of opinion which John Adams said was the real American revolution?

CHAPTER XXII.

SOURCES OF AUTHORITY USED HEREIN AND A FEW WORDS AS TO THE STUDY OF THE CURRENCY IN OTHER COLONIES.

The sources of authority for the foregoing accounts of the currency and descriptions of the banks are to be found mainly in the official publications of the several states. They are supplemented, however, in the state of Massachusetts by documentary authorities and records deposited in the archives of the state, in registries of deeds, and in the files of the courts.

In Massachusetts, the records of the colony have been published. References made to laws actually passed during the colonial period, and to proceedings of the General Court which were recorded by the secretary, can be easily verified through these publications. The authority for statements of importance, based upon documents lodged in the archives, has been, as a rule, indicated by a reference to the volume and the number of the paper in the volume. The papers in the Massachusetts archives are classified under different subject headings, and are consecutively numbered in each volume. There may be several papers mounted upon one page, or there may be single papers covering a number of leaves which bear several numbers. The papers under each subject heading are chronologically arranged. The bulk of the references made in this research will be found in the volumes classified under the heading "Pecuniary." The entire series of volumes in the archives is numbered consecutively, and citations may be made at will under the descriptive classification, or under the

numerical designation. By preference, I have adopted the latter method.

The records of the General Court of Massachusetts during the provincial period have not been published, but beginning in the year 1715, and thereafter during the entire period under consideration, the house published its journals. There is no complete set of these published journals under any one roof, but it is probable that the several incomplete collections scattered through different public libraries contain all of them. The journals contain the messages and speeches of the governors and such of the royal instructions as were officially communicated to the assembly. The replies made by the house when engaged in controversial discussion with the governors are, of course, given in full. It is from this set of publications that the facts connected with the controversies between the governors and the representatives are mainly drawn. These journals were issued by sessions and as they do not have any system of continuous pagination, they are not capable of being classified or cited by volumes. Page references to them require for their application a careful description of the session in which the event occurred which is to be examined. It will be seen that the date of the event furnishes a simpler method of reference, and for that reason no attempt has been made to furnish page references to the published house journals. Furthermore, the account of the controversies between the house and the governors and at times between the house and the council rests so completely upon these journals for its authority that the pages have not been cumbered with foot-notes indicating the source of authority for these; but notes have been introduced where statements of importance were made which were based upon evidence obtained elsewhere.

The references of this description in connection with the Massachusetts currency are mainly confined to the Suffolk records and files; to the records of the council in the archives department, termed by Felt the "court records"; and to volumes designated by their numbers in the archives.

The records of the council run parallel with the published house journals and sometimes furnish additional information. They have also been referred to as authority for some statements, more especially during the period prior to the commencement of the publication of the journals, citations being given under the title "Court Records."[1]

The Suffolk files contain papers relating to suits which were prosecuted in all parts of the province. They have been arranged chronologically, as far as practicable, mounted upon sheets and bound in volumes and are easily accessible to the public. The dockets and records of the courts are, of course, to be consulted under their titles.

A few words ought perhaps to be said concerning the works of contemporary historians. Hutchinson was born in 1711 and entered public life in 1737. From that date on he was in close touch with events. His "History of Massachusetts from the first settlement thereof in 1628, until the year 1750" was published, the first volume in 1764, the second in 1767. The "Collection of Papers" was separately published in 1769. The third volume, which brings the narrative down to 1774, was found in

[1] The Council Records are of two classes, executive and legislative. The executive are termed in the classification at the State House "Council Records," and are so cited in this volume. The more voluminous records covering legislation are those which were termed by Felt "Court Records," a title which has been preserved at the State House and recognized in the citations herein.

manuscript among his papers and was published in 1828. The references in the history to events relating to the currency are necessarily disconnected. They are to be found in their proper chronological sequence in the narrative and many of them are brief and inadequate. Where his personal influence was brought to bear to secure important legislation, he has described the proceedings more in detail, and it is upon these descriptions that historians have relied in the past and to which students must always turn for information. It is to his pages that most writers have turned for accounts of the merchants' notes of 1733 and the Land Bank of 1740. The history is carelessly written, no effort having been made to correct such errors as will creep into the first manuscript of even the most careful writers. For this reason many of his sentences are awkward, and some are incongruous and difficult of interpretation, yet no person could arise from the perusal of the work without a distinct impression that the narrative, as a whole, is simple and direct and that the intention of the author was not only to be truthful, but to deal fairly with all, whether friends or foes.

Douglass will always be remembered, by those who study the currency discussion of this period, rather as the author of the "Discourse concerning the currencies" than in connection with the more pretentious work to which he appended his name. "A summary, historical and political, of the first planting, progressive improvements, and present state of the British settlements in North America" was originally issued in numbers in a contemporaneous publication. The first bound volume originally appeared in 1749, the second in 1755. As was perfectly natural, the publication of the work was the occasion of a libel suit. So far as currency matters are

concerned they are often relegated to lengthy foot-notes and these frequently occur in unexpected places. The style of these notes is aggressive and intemperate. Every page of the Summary bears evidence of the haste of its composition, and of the lack of revision. Even in such a matter as the preparation of a table, in which he has grouped certain figures to show more clearly what he means, he contents himself when the columns do not foot up to suit him, with appending a note, "Here is some small error" rather than devote the time necessary for its correction. Nevertheless, the Summary, like the Discourse is replete with valuable information and is not to be lightly set aside because of these obvious defects.

There is no occasion to say more concerning the contemporaneous pamphlet literature which has already been referred to and partially analyzed. We can not, however, pass by in silence a work often quoted as Felt's Massachusetts Currency, which has been freely used by all writers upon this subject, and which, although not published until well into the second quarter of this century, has come to be regarded as an authority of almost equal importance with contemporaneous publications. For ten years, Joseph B. Felt was engaged in classifying and mounting the papers which constitute the Massachusetts archives. During the progress of this work he made note of such papers connected with the currency and the land bank experiments as seemed to him to be novel and important. These notes furnished the basis of two lectures delivered at the request of the Massachusetts Historical Society, which were, with some additions, published in 1839, under the title of "An Historical Account of Massachusetts Currency". Mr. Felt was by profession a clergyman, and conse-

quently brought with him to aid him in this work neither the practical training of a business man nor the mental discipline of an economist. His selections from the multitude of papers in the archives bearing upon the subject were made at a time when his mind was occupied in deciphering crabbed hand-writing, settling obscure questions as to dates and determining the general character and purport of the papers under examination. Under such circumstances, he may well be pardoned if he has omitted reference to some papers which seem entitled to have been included in his notes. The wonder is that he was able to make so wise a selection as he did. The value of his work has long been appreciated by writers upon coinage and currency and it would be difficult to find a book of note, written since Felt's Currency was published, which touched upon the question of the provincial currency of Massachusetts without some recognition of obligation on the part of the author to the work done by Felt. The merit of this book consists not in the opinions of the author, but in the materials collated from the archives of which he made use, the judicious selection of which shows great discrimination on the part of the compiler. He was quick to see what was valuable, but when he came to put together the items which he had collected, the task was performed in a slovenly manner and with perfunctory annotations. His relations with the archives were such that his statements as to the character of the papers have been accepted without question. My own observation leads me to the conclusion that he may be relied upon for accuracy of quotation, but that he was careless in the use of descriptive language concerning the papers from which he quoted. The following instance will at once illustate his discriminating sagacity

in noting the value of a paper, the carelessness with which he committed errors in describing it, and the vague method of giving a clue to it in his annotations. There is in the one hundreth volume of the archives a copy of an abortive act against the exportation of coin, which, at the May session in 1654, was passed by the magistrates but failed of passage in the deputies. In the preamble to this, the statement is made that the export of coin "cannot advance any profit to such as send it, but rather a fourth part losse". The importance of this expression, embodied in a wordy preamble, written in the archaic hand-writing of the day, might easily have been overlooked, but it did not escape Mr. Felt's observation. He saw that here was evidence that the nominal value assigned to the coinage of 1652 was at 25 per cent. discount in 1654, and, on page 36 of his book, he introduced a copy of the above mentioned preamble. On page 32, there is an allusion to a "report of a committee designated by the General Court in 1654," in which Felt expressly states that "our coin passed abroad at the discount of one-fourth part of its home value". He furnishes no reference to this report and one might conceive that the archives contained two documents of this date containing the statement above quoted, were it not for the fact that in introducing, on page 35, the preamble, to which I have referred above, and which appears on the next page, he uses the following language: The "General Court adopt, for substance, the report of their committee". To this he gives a reference: "Massachusetts Archives, Pecuniary, Vol. I." which is the hundreth volume in the archives, in which the paper can with this reference be run down without much difficulty. When found it does not turn out to be a report of a committee, nor is it the record

of anything that was adopted by the General Court. I doubt also if it is capable of the interpretation that the discount on the coinage was of necessity confined to "abroad". It is evident that in both cases he is referring to the same paper, but it seems to me that students can afford to overlook minor inaccuracies of this class and be grateful for the light thrown upon the subject through the recognition of the value of just such side lights as this which we are considering. It was not of much importance whether it was a committee who expressed the opinion, nor whether the General Court adopted it. What was of value was that such an opinion was expressed. It was not of consequence whether Felt thought the discount was only in operation in foreign parts. We can interpret the language and judge of such a probability for ourselves. He has made public this and many other obscure passages which might have escaped observation indefinitely, and in doing so has shown great sagacity. For this we should hold him in honor.

The plan of Minot's History of Massachusetts[1] did not permit a detailed account of the currency movement. It was in accordance with the general character of Minot's work, that he should give a brief analysis of what had taken place, bringing forth conspicuously the points which he considered of importance. It is to be regretted that the limitations of the space which he could devote to the subject restrained him from a more elaborate effort. He lived near enough to the time of these events to have obtained from those about him a knowledge of their personal experiences, and yet when he wrote, time enough had elapsed to have given these

[1] Continuation of the history of the province of Massachusetts Bay from the year 1748, etc., etc., by George Richards Minot, Boston, 1798.

events an historic vista. He was thoroughly competent to have given us an authoritative account of the whole matter. The brief analysis which he furnishes in the fifth chapter of his first volume contains much that is of interest, and sufficiently indicates what he might have done if he had had more space at his command.

The whole subject of the currency emissions of Massachusetts was summarized in an intelligent manner, with copious references to sources of authority, by Mr. Winsor in the fifth volume of his Narrative and Critical History of America.[1] In a note, page 176, Mr. Winsor very justly remarks that the general histories take but a broad view of the subject. We can perhaps afford to adopt this curt criticism of the works of our historians, with the following exception. Mr. Winsor includes Palfrey among those whose works he dismisses in this abrupt manner. This is, perhaps, justifiable so far as Palfrey's text is concerned, for he does not attempt to treat the currency in detail. He says, indeed, "To follow, step by step, the course of the dispute respecting financial affairs between the governor and the representatives, would be to weary the reader with a recital of intricate and dull details."[2] Nevertheless, Palfrey has accumulated in his notes much information which is not easily obtainable from other sources, and the student of the topic ought not to consider his examination of the subject complete until he has analyzed these notes.

Two reports of the council of the American Antiquarian Society deal with this subject. The first was

[1] Narrative and critical history of America, vol. 5, ch. 2, note c: Finance and revenue, pp. 170, 177.

[2] History of New England, by John Gorham Palfrey, Boston, 1882, vol. 4, p. 549.

submitted in April, 1866, and was written by Nathaniel Paine, of Worcester. Mr. Paine in this report has successfully reduced to a coherent and intelligible narrative, the main facts set forth incoherently by Felt. The second was presented by J. Hammond Trumbull, in October, 1884, and was separately published by him under title, First Essays at Banking and the First Paper Money in New England. Like all work of this sort undertaken by this author, he leaves but little chance for gleanings on the part of those who succeed him in the portions of the field which he harvested.

A writer in the Columbia College Studies in history, economics and public law has recently published a Financial History of Massachusetts.[1] The currency occupied but a small part of the field covered by Dr. Douglas's work, but his analysis of the statutes brought to light many hidden points which had escaped observation before his investigation was made.

While dealing with secondary authorities, the opportunity ought not to be neglected to refer the student to the great collection of material brought together with patience and industry by William B. Weeden in his Economic and Social History of New England, 1620–1780.

In the opening sentence of this chapter I have said that we rely mainly upon official publications for information. Prior to the publication of the province laws of Massachusetts, which have been so admirably annotated by Abner C. Goodell, the conscientious editor of the series, it would have been impossible under the limitations as to time and money which restrict the operations of ordinary investigations to make a detailed examina-

[1] The financial history of Massachusetts, etc., by Charles H. J. Douglas, Ph.D., New York, 1892.

tion of the currency question in Massachusetts from 1690 to 1750. The emissions by resolve were hidden in the council records. The provisions for the retirement of the bills, incorporated in the tax acts, had never been published. No collator of material for a topical investigation could by his individual efforts have got together enough of this material to justify him in attempting from these manuscript sources to construct a table of emissions and redemptions. This feat is placed within easy reach of any investigator by Mr. Goodell, who has also collated from the treasurer's accounts and from other sources much material that tends to throw light on the currency. To illustrate the value of the notes in these volumes, it may be said that it is through them that we are able to trace the brief history of the 1750 currency, emitted against a silver fund of equal amount,[1] apparently without going through the form of passing a regular bill authorizing the emission.

When we turn to New Hampshire we find ourselves destitute of any special publications dealing with the currency.[2] The state has published the provincial records in a series of volumes entitled New Hampshire Provincial Papers. The records of the separate bodies of which the assembly was composed are in such a state of confusion that it is very difficult in many instances to comprehend what actually took place. For this reason, great care is requisite on the part of one who may

[1] £3,000 were to be prepared and the same number of pounds in milled dollars held as a fund. By the omission of "pounds in" on page 244, the fund is there converted from pounds to dollars.

[2] Since this chapter was written, a volume entitled Essays on the monetary history of the United States, has been published by Charles J. Bullock. Part III treats of The paper currency of New Hampshire. The portion with which we are dealing is covered in chapters 1 and 2, not chapter 122 as stated in the note, page 329 ante.

make use of them in a topical investigation. Whether because he was appalled by the confusion of the records or that the subject was distasteful to him, Belknap made no attempt to give a detailed account of the currency transactions of the province. He touched upon the subject only in a general way at one or two points and brief as this contact was it was not free from errors.[1]

The published laws of the province do not contain the acts and resolves connected with the emissions although they have some of the legislation relative to counterfeiting.[2] The act of Parliament of the 6th of Anne for ascertaining the rates of foreign coins in her Majesty's plantations in America, and the act of the 25th of George II. to regulate and restrain paper bills of credit in his Majesty's colonies or plantations, etc., are, however, republished in these volumes.[3]

The laws of the colony of Rhode Island were collated and published in the days of the colony and the records have been printed by the state. These volumes open up the subject of the currency emissions in a satisfactory manner. One or two points of minor interest can be settled by consulting the manuscript copies of unpublished laws. The subject has also been treated by Elisha R. Potter, a local investigator who published a detailed account of the several emissions and banks.[4]

[1] The history of New Hampshire, by Jeremy Belknap, D.D., [Farmer's edition] 1831. He says, p. 186, "The next assembly was more pliant and issued fifteen thousand pounds, on loan, for eleven years, at ten per cent." This can only be interpreted to mean ten per cent. interest. The eleven payments of ten per cent. were to satisfy both principal and interest.

[2] Acts and laws of His Majesty's province of New Hampshire in New England, with sundry acts of parliament, Portsmouth, 1761 and also an edition in 1771.

[3] *Ibid.*, edition 1771, pp. 220, 222, pp. 250, 254.

[4] A brief account of the emissions of paper money made by the colony of Rhode Island, Providence, 1837.

The work performed by Mr. Potter was so thorough that his pamphlet has remained the sole authority on this subject, and has been twice reprinted. This was first done in 1865 by Henry Phillips, jr., in his Historical Sketches of the Paper Currency of the American Colonies. Mr. Phillips reproduced the pamphlet just as he found it without revision or correction and by so doing perpetuated certain errors which were easy of discovery and which might, at least, have been referred to by note in a work of this class, if the compiler did not feel at liberty to change the text. For instance, Mr. Potter, on page eleven, tabulates the statements made in a report of a committee of the assembly in 1749–50. In this table, the amounts outstanding of the several emissions 1728–38 inclusive, are given in old tenor but the emissions of 1740 and 1743 are given in new tenor. The sterling values of the amounts outstanding of each issue are also given, the rate of exchange being 1100 for old tenor. The currency outstanding issued for loans, according to this table, was £210,000, whereas if the issues of 1740 and 1743 had been converted to old tenor, it would have been £390,000. The sterling values, being taken from the report, were not affected by this error, but, of course, there was an apparent lack of uniformity in the rates of conversion from currency to sterling. The committee in their report added to the bills outstanding emitted on loans, those outstanding issued to supply the treasurer, amounting to £110,444. 2*s.* 3½*d.* and gave their sterling value as £10,040., 7*s.*, 5*d.*[1] This latter amount was entered in the column of sterling values in Potter's table as £1040., 7*s.*, 5*d.* and thus the table was left with a statement as to the amount of currency outstanding and another as to its sterling value,

[1] Records of the colony of Rhode Island, etc., vol. 5, p. 286.

neither of which was correct, and the errors in which had no relation to each other. The report of the committee from which these figures were taken was appended to the pamphlet and furnished an easy means for correcting the errors. This report was reproduced by Mr. Phillips but his attention was not, to all appearances, directed towards the errors contained in the table.

In the eighth number of Rhode Island Historical Tracts, Mr. Sidney S. Rider reprinted Potter's account of the Rhode Island currency with some additions and changes.[1] When the table was reprinted in this tract the error caused by entering the emissions of 1740 and 1743 in terms of new tenor was corrected and the column of currency outstanding was thus freed from error, but by some strange oversight the careless transfer of the incorrect sterling value for the bills issued to supply the treasury was permitted to stand. The reproduction of Potter's tract of course carried with it the several appendixes, and in the report of the committee on page 187 the sterling value of the outstanding currency issued to supply the treasury is there given in the words "ten thousand and forty pounds sterling." Mr. Rider's edition of the tract has, however, special value, which is greatly increased by illustrations of the Rhode Island currency, many of which were struck off from the original plates.

The subject of the currency of this colony has been treated somewhat at large by Samuel Greene Arnold in his History of Rhode Island.[2]

Connecticut has also published her colonial records and either because the original records were more method-

[1] The title adopted in this publication was "Some account of the bills of credit or paper money of Rhode Island from the first issue in 1710 to the final issue in 1786."

[2] History of the state of Rhode Island and Providence Plantations, etc., by Samuel Greene Arnold, vol. 2, New York, 1859.

ically kept than in the case of Rhode Island or because they were more skilfully arranged by the editors, the work of analyzing the issues of this colony is comparatively easy. Even here, however, the five per cent. allowances, the interest on loans and the substitutions of new currency for torn bills make it extremely difficult to arrive at conclusions as to the amount in circulation at any given time. A careful and laborious investigation of the records made by Dr. Henry Bronson and the patient analysis of what was found there was published in the first volume of the papers of the New Haven Historical Society. Trumbull, the historian of Connecticut, a contemporary writer, deals to some extent with the currency question, but his observations are of little value. He was optimistic in his views and did not realize what was going on about him.[1] Failing to take into account the effect of the circulation of the other colonies, his approval of the moderation of Connecticut leads him to conclude that there was little or no depreciation of the bills of credit before the Spanish war in 1740.

The currency question in the other colonies has interested students and in some of them investigations have been made which furnish material for comparison with the fluctuations of silver in New England. While there has been no attempt in this volume to enter into any explanation of the causes which rendered New York and Pennsylvania partially immune from the severe penalties paid by the New England colonies for their infatuation, it is perhaps desirable to refer here to certain publications, which touch upon these questions.

[1] A complete history of Connecticut, civil and educational, from the emigration of its first planters, from England, in the year 1630, to the year 1764, and to the close of the Indian wars, in two volumes, by Benjamin Trumbull, D.D., New Haven, 1818, vol. 2, ch. 3, p. 46, *et seq.*

This work was performed for New York by John H. Hickcox, who published A History of the Bills of Credit or Paper Money issued by New York, etc., in 1866.[1] The subject has also found treatment at the hands of Horace White in a tract entitled "New York's Colonial Currency."[2]

In Pennsylvania the subject of the currency attracted the attention of Franklin and in 1729 he published a pamphlet on the subject.[3] His interest was further shown by his introduction into the *General Magazine*,[4] of the articles of the Massachusetts silver bank and the prospectus of the Land Bank. Thomas Pownall in his Administration of the Colonies, enters somewhat at length into a discussion of the utility of paper money and embodies in his work what he terms a "very judicious tract written and given to me several years ago by Tench Francis, Esq; late attorney general of the province of Pennsylvania, conversant in these matters both as a lawyer and a merchant."[5] Pownall entitles the tract "Considerations on a Paper Currency." It does not deal specifically with the Pennsylvania currency, but contains the opinions of an intelligent observer based upon con-

[1] A history of the bills of credit or paper money issued by New York, from 1709 to 1789, with a description of the bills and a catalogue of the various issues, by John H. Hickcox, Albany, 1866.

[2] Published in Sound currency, a serial issued by the Sound Currency Committee of the Reform Club, New York, vol. 5, no. 5. New York, March 1, 1898.

[3] A modest inquiry into the nature and necessity of a paper currency. Works of Benjamin Franklin, etc., by Jared Sparks, Boston, 1836, vol. 2, pp. 253–277.

[4] The general magazine and historical chronicle for all the British plantations in America [1741].

[5] "The administration of the colonies by Thomas Pownall," etc., was first published in London in 1764. It went through several editions, the second being published in London in 1765. In this edition the tract in question is to be found on pp. 114–150.

tact with the experiences of that province. A special study of the emissions of Pennsylvania was recently made by C. W. Macfarlane and published under the title of Pennsylvania Paper Currency.[1] The value of Mr. Macfarlane's account is greatly augmented by a prolonged and careful study of the effect of the inflation upon the prices of certain articles, the selection of which was apparently governed mainly by the opportunities afforded for obtaining quotations. These prices he has with great patience tabulated and thus brought together material of great value to the student of topics of this sort. The subject was also treated by Mr. Phillips in the collection of tracts which he published on colonial currency.[2]

The early plunge which South Carolina took into the sea of inflation soon caused her population to experience in anticipation of her northern neighbors all the evils which arise from reliance upon a nominal and artificial measure of value entirely disproportionate in quantity to the needs of the community. The colonial legislation of South Carolina has been published by the state, and in the pages of these volumes will be found most of the statutes which provided for the emission of bills of credit. The editor of the second volume appended a note on the current values of coins which contains much material of interest.[3] The editor of the ninth volume appends without comment a statute passed in 1712 for the emission

[1] See Annals of the American Academy of Political and Social Science, vol 8, pp. 50–126. Philadelphia, 1896.

[2] Historical sketches of the paper currency of the American colonies, etc., the special title of this tract being An historical sketch of the paper money issued by Pennsylvania, together with an appendix containing a complete list of all the dates, issues, amounts, denominations and signers, by Henry Phillips, Jr.

[3] The statutes at large of South Carolina, edited under authority of the legislature, by Thomas Cooper, 1837, vol. 2, p. 708, *et seq.*

of £52,000 and an account of the several issues of currency down to 1739 with comments on the fluctuations of silver. This account is evidently contemporaneous, but there is nothing in the volume to indicate whether it was a reprint or whether it was published from manuscript. It is obviously the report submitted to Parliament which was referred to in a previous chapter.[1]

Ramsay in the second volume of his history of South Carolina gives an interesting and intelligent account of the currency movement.[2] Judge Brevard made free use of Ramsay's work in a much more elaborate treatise upon the coins in use in the province and the currency emissions which forms a part of the introduction to his digest of the laws of South Carolina.[3]

The editor of the second volume of the statutes at large, in the still more elaborate note which he appended to that volume, which has already been referred to, in turn relied upon both Ramsay and Brevard. More recently, Edson L. Whitney has devoted a chapter to the currency in his monograph entitled Government of the

[1] An account of the rise and progress of the paper bills of credit in South Carolina, from the year 1700 to this present time, together with the computed value in money of Great Britain, of such bills, at the respective times of their creating and issuing, and the value of such bills in money of Great Britain at this time, and also an account of the rates and prices of gold and silver coin in the province of South Carolina in the years 1700, 1710, 1720, 1730, and at this present time. The Statutes at large, etc., vol. 9, edited by D. J. McCord, Columbia, 1841, appendix pp. 766–780 inclusive.

This tract was republished by the Sound Currency Committee of the Reform Club of New York, February 15, 1898, in no. 4, vol. 5, of Sound Currency, under title of South Carolina's First Paper Money [written in 1739—author unknown].

[2] The history of South Carolina from its first settlement in 1670 to the year 1808, in two volumes, by David Ramsay, M.D., Charleston, 1809, vol. 2, pp. 160, *et seq.*

[3] Alphabetical digest of the public statute law of South Carolina, by Joseph Brevard, Charleston, 1814. Introduction, pp. xi, xii.

Colony of South Carolina,[1] the value of which is greatly increased by copious references to the statutes.

The history of the currency of New Jersey has not attracted the same attention as that of the colonies above mentioned. Mr. Phillips furnished the treatise on this subject included in his Historical Sketches of the paper currency of the American colonies.[2]

An analysis of the act passed in 1733, whereby Maryland furnished her citizens with public bills of credit for currency, is to be found in a note by the editor of the laws of Maryland which was published in 1765.[3]

The history of the currency emissions of the province of North Carolina remains to be written.[4] The publication of the colonial records furnishes abundant material for a general sketch but the records are deficient as to details.[5] These volumes are not indexed, nor do they contain any tables of contents. An examination, page by page, is the only satisfactory manner of determining what is to be found therein bearing upon this question. A search of this kind will reveal a statement of out-

[1] Johns Hopkins University studies in historical and political science. 13th series I–II. Government of the colony of South Carolina, by Edson L. Whitney, Baltimore, 1895, chapter 10.

[2] An historical sketch of the paper money issued by New Jersey, by Henry Phillips, Jr.

[3] Laws of Maryland at large, with proper indexes, etc., together with notes and other matters relating to the constitution thereof, extracted from the Provincial records, by Thomas Bacon, etc., Annapolis, 1765, ch. 6, 1733.

[4] As in the case of New Hampshire, this statement must be modified in consequence of the publication of Essays on the monetary history of the United States. Part II is entitled The paper currency of North Carolina. Our period is covered by chapters 1 and 2.

[5] The colonial records of North Carolina published under supervision of the trustees of the public libraries by order of the general assembly. Collected and edited by William L. Saunders, Secretary of State, Raleigh, 1886. For information collated by the editor, see prefatory notes to vol. 2, pp. 4, 5, and prefatory notes to vol. 3, p. 22.

standing bills which was submitted to the Duke of Newcastle in 1731.[1] Another, apparently made in 1733 will be disclosed,[2] and also one made in 1736.[3] Still another is given which must have been made in the latter part of 1739,[4] covering all emissions up to 1740. We can trace the conflicts connected with the adoption of a new tenor bill, which was apparently accomplished in April 1748,[5] and finally the statement September 29, 1750, that there were then in circulation of these bills £20,646. 14*s.*, 0*d.*, equal to £15,485. 1*s.* sterling, the same being their full value in proclamation money which they had sustained without discount from the date of their emission.[6] We can find statements that the first bills bore interest,[7] and that some of the bills were endowed with limited legal tender attributes.[8] At the date of the first emission in 1712, trade was almost exclusively by barter, and various articles or commodities were rated in 1715, apparently with a view of furnishing a basis for their reception by way of trade as well as for furnishing a rate at which the government would receive them.[9] Up to and including the emissions of 1735, there had been put out on funds and by way of loan, 1712 to 1735, £140,500, of which there remained in circulation

[1] Colonial records of North Carolina, etc., vol. 3, p. 145.

[2] *Ibid.*, vol. 3, p. 484.

[3] *Ibid.*, vol. 4, pp. 178, 179.

[4] *Ibid.*, pp. 418, 419.

[5] *Ibid.*, pp. 878, 927, 932.

[6] *Ibid.*, p. 1073

[7] *Ibid.*, vol. 3, p. 484.

[8] *Ibid.*, vol. 4, p. 418.

[9] These were Indian corn, tallow, beaver and otter skins, butter, raw buck and doe skins, feathers, pitch, pork, tobacco, leather, wildcat skins, cheese, dressed buck and doe skins, tar, whale oil, and beef. Vol. 4, p. 920.

at that time £52,500 and the greater part of this amount remained out until the attempt was made to call the bills in in 1745. Exchange in 1731, with about £40,000 in circulation was rated at about eight in public bills of credit for one sterling.[1] With a little over £50,000 in circulation in 1735 and thereafter until 1740 the rate was ten for one.[2] This would seem to indicate that a circulation of public bills in excess of £5,000 sterling carried with it a proportionate discount, but when a new bill was issued 1748, £21,350 proclamation money were emitted being equal to £16,012, 10*s.* sterling and two years after £20,646, 14*s.* of these bills, then remaining in circulation, were said to have remained at the value at which they were issued.[3] This brief outline of the facts relative to the North Carolina currency to be obtained from the published records will sufficiently indicate the value of these volumes to the student of this subject.

Douglass winds up the portion of his "Discourse concerning the currencies, etc.," which is devoted to the continental colonies with the following: "In the new colony of Georgia, their currency are the trustees sola[4] bills sterling; the funds are the allowances by Parliament, and private subscriptions to carry on the settlement." In these words we have a description, accurate as far as it goes, of a currency which circulated for a

[1] *Ibid.*, vol. 3, p. 283.

[2] *Ibid.*, vol. 4, pp. 345, 418.

[3] *Ibid.*, vol. 4, p. 1073.

[4] The meaning of the expression "sola bill," becomes obvious after a moments reflection. These bills were intended for currency. They could not circulate if issued in sets. The bill which was emitted had no duplicate and was, therefore, the sole or only bill. The expression must have had a recognized commercial meaning in those days, but it has made no impression upon our legal practice and is not to be found in our law dictionaries.

few years in the infant colony of Georgia. It was the only currency used in the colonies which circulated on a sterling basis and although drawn, as appears from the copies of bills furnished by historians, at thirty days sight it is said to have been freely received at its face value. Stevens gives a copy of one of these bills for one pound drawn to the order of James Oglethorpe, and says that while Oglethorpe was in Georgia they were to be issued only to him.[1]

Jones gives a copy of a bill for the same amount dated 1749. It is drawn to the order of four named persons and was payable to them or any two of them. The bill in question was indorsed by two of the payees payable to a third person who endorsed it in blank. These bills were each of them headed "Georgia Bills of Exchange payable in England," and each on its face was termed "this sola bill of exchange." Jones says that specific report was required by the trustees to be made of the purpose for which each bill was issued, and adds "More than one hundred and thirty-five thousand dollars were thus sent over to the colony at different times and disbursed in payment of salaries and in discharge of other expenses connected with the execution of the trust."[2] The official account of the progress of the colony published by order of the trustees, under the heading "From the 9th June, 1738 to the 9th June, 1739," says: "The trustees published an advertisement in the London *Gazette*, and ordered it to be published in the South Carolina *Gazette*, and to be affixed upon the doors the store houses at Savannah and Frederica that

[1] The history of Georgia, etc., by Rev. William Bacon Stevens, M.D., vol. 1, pp. 314–316, 402.

[2] The history of Georgia, by Charles C. Jones, Jr., LL.D., vol. 1, pp. 429–430.

out of a due regard to public credit they had resolved that all expenses which they had ordered or should order to be made in America for the use of the colony should be defrayed and paid for in Georgia, in sola bills of exchange only, under their seal; and they gave notice, that no person whatsoever had any authority from them or in their name, or for their account, to purchase or receive any cargoes of provisions, stores or necessaries, without paying for them in the said sola bills."[1] This action was attributed by M'Call to frauds practiced upon the trustees by certain merchants and captains of vessels.[2] The trustees of the colony were scrupulously careful in providing for the redemption of all the bills reported to them as having been issued.

[1] An account, showing the progress of the colony of Georgia, in America, from its first establishment. Published per order of the Honorable the Trustees. London, 1742. Reprinted, Annapolis, 1742. Collections of the Georgia Historical Society, vol. 2, p. 297.

[2] The history of Georgia, etc., Capt. Hugh McCall, Savannah, 1811. Vol. 1, p. 120.

APPENDIX A.

OLD COLONY BILLS.

Year.	Month.	Emission.	Taxes Laid as a Fund.	Remarks.
1690--	Dec. 10	7,000	1692	£7,000 were first emitted, then indefinite authority was given. May 20, 1691, the total emission was limited to £40,000. All were called in in 1692.
1691--	Feb. 3		-------	
	May 20	33,000	1692-93	
1693--	Dec. 11	500	-------	This emission was redeemable in silver. £1,500 were authorized to be prepared in 1693, of which £500 were issued. £700 more were issued in 1694. These two emissions were included in the £5,000 authorized June 22, 1694.
1694--	June 20	700	1694	
1694--	June 22	3,800	1694	
1694--	Oct. 31	3,000	1694	
1695--	March 16	4,000	1695	
1695--	June 28	5,000	1695	
1696--	March 7	4,000	1696	
1696--	June 17	4,000	1696	
1696--	Oct. 3	2,000	1696	
1696--	Dec. 19	3,000	1697	
1700--	March 23	2,000	1700	
1701--	April 19	1,000	---------	
1701--	July 4	6,000	1701	
1702--	June 26	3,000	1702	
		82,000	---------	The several tax funds exceeded this amount by over £33,000.

APPENDIX B.

INVOICE OF SILVER AND COPPER.

1749. Invoice of Silver and Copper purchased by order of the Honourable the Great and General Court of His Majesty's Province of the Massachusetts Bay in America by the Hono[ble] Sir Peter Warren, Knight of the Bath and William Bollan, Esquire; shipped on board His Majesty's ship Mermaid, Captain John Montague commander, bound to Boston for Account and on the Risque of the said Province to be delivered to the Treasurer of the same for the time being, viz[t.]:

M. B.

	Oz.
N. 1 @ 206 chests each containing 3,000 ounces of milled pcs of 8/8 in bags . .	618,000
207 @ 214 containing each 3,000 ounces Pillar pcs of 8/8	24,000
215 containing Halves do	3,000
216 containing, oz., 1,000 Halves do 876¾ Mixt do 281¼ Milled 423½ do Half 418½ do Small	3,000
217 containing milled pcs of 8/8 . . .	2,000
Total six hundred and fifty thousand oz.	650,000

Bought at the prices following:

Of	*Oz.*	@	£	
June, John Bristow, Esq.	11 265	5/3¾	£	2,992: 5: 3
Mr. Nicholas Magens . . .	8,668	do		2,302: 8: 9
Mr. Peter Simon	8,793	do		2,335:12: 9
Mr. Elias Bland	5,000	do		1,328: 2: 6
John Gore, Esq.	8,664½	do		2,301:10: 1
Mr. De Castro	11,502	do		3,055: 4: 4
Sir Charles Leblanc	1,300	do		345: 6: 3
Mr. John Bland	5,000	do		1,328: 2: 6
Mr. Fonseca	911	do		241:19: 8
Mr. Gonsales	14,291½	do		3,796: 3: 7
Mr. Francos	3,391½	do		900:17: 4
Mr. Crockat	1,071½	do		284:12: 4
Mr. Jacob Mendez	26,195¾	do		6,958: 4:11
Mr. Miguel Ventades . . .	260,128½	5/4		69,367:12: 0
John Bristow, Esq.	11,735	5/3¾		3,117: 2: 2
Gov. & Co, Bank of England	243,750	5/4		65,000: 0: 0
Mr. John Bland	15,000	5/3¼		3,953: 2: 6
Mr. John Philips	6,934½	5/3½		1,834: 5: 0¾
Mr. Henton Brown	4,398¼	5/3¼		1,159: 2: 4
Mr. John Bland	2,000	do		527: 1: 8
	650,000		£	173,129: 5:11¾

Paid Mr. Moccato brokerage on 377,-916¾ oz., value £100,655..4..5 @ 2/6 p £100 is £	125..16..0		
Paid the Gov^{r} and Company of the Bank of England for exchanging 59,962½ oz. @ 1/2	124. 18..5¼		
Paid John Bland for exchanging 10,000 oz. @ 1/4	10.. 8..4		
Paid Messrs. Pewtress and Green, warehouse keepers for Bags, Boxes, Cartage of the Silver from the Bank to the Waggons in Southwark and for their Care and Trouble in the assortment of the Money p Bill	143.. 5..11	£	404 . 8.. 8¼
Copper coined in Halfpence & Farthings bought at his Majesty's Mint viz^{t}.:			
Tons. Cwt.			
7 18 of Halfpence @ £10..11..4 p Cwt.	£1,669..10..8		
2 2 of Farthings @ £10..10..4 p Cwt.	441..14..0		
10 Tons cost	2,111.. 4..8		
Paid for 100 casks @ 1/9 each . . .	8..15..0		
Paid to Porters for loading them .	10		2.120.. 9.. 8
Paid Fees at the Custom House to Searchers and for Officers attendance at the Bank			9.. 5.. 8
Paid George Clark, carrier, for carriage of the silver and copper from Southwark to Portsmouth, and for the Hire of Vessels to carry it on board the Mermaid			157.. 1.. 0
Paid the escort of a Serjeant and Twelve Men who guarded the Money to Portsmouth	£ 24..13.. 6		
Paid charges upon the road and unlading at Portsmouth	3..10..10		
Paid the Searchers at Portsmouth .	10.. 6		28..14..10
Paid for the Insurance of £175,000 at 2 p cent, to pay 98 in case of a loss, viz.: To the Gov^{r} & Company of the London Assurance for £50,000 . . . £1,000			
5 p. cent Discount for promp payment 50			
950			
Policy 4..6	£ 950..4..6		

To the Gov^{r} & Co of the Royal Exchange Assurance for £40,000	800			
5 p. cent Discount for prompt payment	40			
	760			
Policy . . .		4..6	760..4..6	
To Mess^{rs} Godin and Güon, Brokers, for £85,000 . .	1,700			
Two Policies .		9	1,700..9..0	3,410..18.. 0
Total				£179,260.. 3.. 2

Portsmouth, 12th August, 1749.
Errors excepted.

P. WARREN,
W. BOLLAN.

APPENDIX C.

APPENDIX: ACCOUNT CURRENT OF SIR PETER WARREN AND WILLIAM BOLLAN.[1]

Dr. The Province of the Massachusetts Bay in America in account current with Sir Peter Warren, Knight of the Bath, and William Bollan, Esq.

1749					1749			
June 16—To fees paid at the Exchequer, vizt:					June 16—By the sum of money voted to the Province by Parliament owned by the Lords Commissioners of his Majesty's Treasury to be paid at the Exchequer this day received there			
Tellers	453	—	1					
Auditors	321	14	9					
Pells	98	6						
	873		10					
Whereof there was next day returned as an overcharge	107	2	9			£	183,649	2 7½
Nett fees				765	18	1		
July 28—To cash deposited in Sir Peter Warren's hands to answer the claim for the hyre of the ship Molyneux				802	19	9		
To cash the amount of the invoice of silver and copper purchased and insurance thereon				179,260	3	2		
To commission of ½ per cent. on receiving the money at the Exchequer	918	4	10					
Do of 1 per cent. on the amount of the invoice	1792	12	0	2,710	16	10		
				183,539	17	10		
Ballance paid to William Bollan, Esq., towards defraying expenses at the Council Office and treasury, for which he is to account				109	4	9½		
				183,649	2	7½	183,649	2 7½

Errors Excepted Portsmouth the 12th August, 1749.

P. WARREN,
W. BOLLAN.

[1] Cf. p. 241.

APPENDIX D.

THE ENGRAVED PLATES AND THE DENOMINATIONAL CHANGES 1690–1750.

THE OLD COLONY BILLS.

1690.	2/	2/6	5/	10/	20/	60/	100/	200/

THE OLD TENOR BILLS.

Shewing the grouping on the plates and the denominational changes.

	Lowest Plate.				Middle Plate.				High Plate.			
					FIRST SET OF DESIGNS.							
1702.	2/	2/	2/6	2/6	5/	10/	20/	40/	20/	20/	60/	100/
1708.	--	--	--	--	--	--	20/	40/	--	--	--	--
1709.	--	3/	--	3/6	--	--	--	--	--	--	--	--
1710.	--	--	--	--	--	--	20/	--	4/	50/	--	--
1711.	2/	2/6	3/	3/6	4/	5/	10/	20/	40/	50/	60/	100/
					SECOND SET OF DESIGNS.							
1713.	1/	1/6	2/	2/6	3/	5/	10/	20/	--	--	--	--
1714.	--	--	--	--	--	--	--	--	30/	40/	60/	100/

THE PARCHMENT TOKENS FOR SMALL CHANGE.

1722.	1*d.*	2*d.*	3*d.*

[*Continued on page 442.*]

APPENDIX D.—(CONTINUED.)

THE NEW TENOR BILLS.

FIRST SERIES—Including the separate emission for small change.

	Printed from separate wood cuts.						Probably two engraved plates							
1737.	1*d.*	2*d.*	3*d.*	4*d.*	5*d.*	6*d.*	10*d.*	1/8	3/4	6/8	10/	20/	30/	40/

SECOND SERIES.

	Third Plate.						Second Plate.				First Plate.			
1742.	2*d.*	4*d.*	6*d.*	8*d.*	1/	2/	3/	4/	5/	10/	15/	20/	30/	40/
1743.	--	--	--	3*d.*	--	9*d.*	1/3	2/6	--	--	--	--	--	--
	THIRD SERIES.													
	Not authorized by Act of 1744. Designs same as Third Plate 1742.						Not authorized by Act of 1744. Designs same as Second Plate 1742.							
1744.	2*d.*	4*d.*	6*d.*	3*d.*	1/	9*d.*	1/3	2/6	5/	10/	15/	20/	30/	40/

THE SMALL BILLS AUTHORIZED IN 1749.

1750.	1*d.*	3*d.*	4½*d.*	6*d.*	9*d.*	1/6.

APPENDIX E.

EMISSIONS AND RETIREMENTS, 1702–1749, INCLUDING LOANS.

Year	Outstanding May 1st.	Emissions each year May 1 to May 1.	Retirements same period.	Remarks.
1702	---	5,000	---	
1703	5,090	32,000	11,500	
1704	25,500	32,000	22,000	
1705	35,500	18,000	22,000	
1706	31,500	44,000	26,000	
1707	49,500	32,000	22,000	
1708	59,500	32,000	22,000	
1709	69,500	46,000	---	
1710	115,500	44,000	22,000	
1711	137,500	95,000	---	£50,000 loan acct Quebec expedition.
1712	232,500	25,000	22,000	
1713	235,500	14,000	22,000	
1714	227,500	64,000	47,000	£50,000 loan this year to inhabitants of province. Payment of Quebec loan arbitrarily assigned to years 1714–15.
1715	244,500	8,000	47,000	
1716	205,500	111,000	32,000	£100,000 loan 1716—emitted 1717.
1717	284,500	9,000	32,000	
1718	261,500	11,000	32,000	Payment of £50,000 loan five annual instalments—1716–1720.
1719	240,500	15,000	26,000	
1720	229,500	65,000	27,000	£50,000 loan to towns.
1721	267,500	17,000	16,200	A deficiency tax £13,250, laid in 1721.
1722	268,300	45,000	16,000	
1723	297,300	40,000	17,000	
1724	320,300	55,000	24,600	
1725	350,700	70,000	29,700	
1726	391,000	25,000	39,700	
1727	376,300	88,000	140,000	£100,000 loan expired 1727.
1728	324,300	36,000	39,000	Payment of 1720 loan, 1726–1730.
1729	321,300	20,000	30,000	£60,000 loaned to towns, 1727.
1730	311,300	13,000	30,000	
1731	294,300	23,700	23,500	
1732	294,500	---	26,000	
1733	268,500	79,200	21,000	
1734	326,700	29,600	46,900	
1735	309,400	39,300	58,300	
1736	290,400	48,000	59,100	Payment of £60,000, 1734–38.
1737	279,300	81,000	80,900	
1738	279,400	26,400	62,800	
1739	243,000	---	37,500	
1740	205,500	80,000	95,100	
1741	190,400	120,000	27,000	
1742	283,400	117,400	86,500	
1743	314,300	85,400	94,900	
1744	304,800	344,100	105,100	
1745	543,800	1,040,000	138,400	
1746	1,445,400	661,600	133,600	
1747	1,973,400	348,000	186,100	
1748	2,135,300	400,000	415,500	
1749	2,119,800	---	300,000	
1750	1,819,800	4,634,700	2,814,900	

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